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# China Report

ECONOMIC AFFAIRS

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2 February 1984

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## NATIONAL POLICY AND ISSUES

### BRIEFS

NATIONAL CONFERENCE ON ECONOMIC WORK--Beijing, 7 Jan (XINHUA)--China is to hold a national conference on economic work in Beijing early next month, according to a State Council decision. Participants in the conference will discuss how to improve the country's economic performance and upgrade existing enterprises and work out relevant policies and measures. The conference will be attended by leading officials in charge of economic work in all provinces, municipalities, autonomous regions, various government departments and some major cities of economic significance. [Text] [OW090727 Beijing XINHUA in English 0845 GMT 7 Jan 84]

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## PROVINCIAL WORK REPORTS

### CHEN WEIDA'S REPORT AT PARTY CONGRESS

SK100830 Tianjin TIANJIN RIBAO in Chinese 24 Dec 83 pp 1-4

[Apparent text of Chen Weida's report: "Uphold and Improve Party Leadership and Create a New Situation in All Fields of Tianjin Municipality's Socialist Modernization" delivered on 14 December 1983 at the Fourth Tianjin Municipal CPC Congress]

[Text] Comrades: On behalf of the Third Tianjin Municipal Committee, I now deliver a report to the Fourth Municipal Party Congress.

#### 1. The Fundamental Changes Since the 3rd Plenary Session of the 11th CPC Central Committee

It has been 12 years since 1971 when the third municipal party congress was held. We have traversed a tortuous course from disorder to order during the 13 years, suffering a bitter lesson from the "Great Cultural Revolution" and achieving successful experiences since the 3rd plenary session of the 11th CPC Central Committee.

During the 10-year domestic disorder, the former principal responsible person of the municipal CPC committee followed the counterrevolutionary cliques of Lin Biao and Jiang Qing, thus making our municipality's party organizations and various socialist undertakings suffer the most serious setbacks and damages since the founding of the PRC. Presided over by this principal responsible person, the third municipal party congress was all wrong in terms of ideology, politics and organization. After the smashing of the counterrevolutionary clique of Jiang Qing, this former principal responsible person suppressed the masses' exposure and criticism so that the municipality's struggle to expose and criticize the "gang of four" and its work in various fields were delayed for 1 year and 8 months. The masses of party members, cadres and people throughout the municipality waged various types of struggles against this.

In July 1978, the CPC Central Committee issued an important instruction on solving Tianjin's problems, and readjusted our municipality's party and government leading bodies. Leading the cadres and the people of the municipality, the municipal CPC committee actively launched an exposure-criticism-examination struggle, and began to implement the party's policies on various fields and to redress unjust, framed-up and wrong cases. A great number of veteran cadres

who had been persecuted by Lin Biao and the "gang of four" for a long time assumed their work once again. After a little more than 6 months, a decisive victory was won in the struggle to expose and criticize the counterrevolutionary cliques of Lin Biao and Jiang Qing.

In December 1978, the CPC Central Committee convened the historically significant 3rd plenary session of the 11th CPC Central Committee. Resolutely implementing the guidelines of the session, we decisively effected the strategic shift in the focus of work. Since April 1979, we have resolutely implemented the policy of "readjustment, restructuring, consolidation and improvement." Over the past 2 years, we have also gradually changed the guiding ideology for economic work to the orbit of improving the economic results. Through implementing the "Guiding Principles for Inner-Party Political Life," the inner-party life has become normal. We have seriously studied the "Resolution on Some Question Concerning the Party's History Since the Founding of the PRC," and have unified the thinking of the comrades of the whole party with the "Resolution." We have strived to open a new situation in all fields of work in line with the strategic objective, the strategic priority, the strategic steps and a series of principles and policies set forth at the 12th national party congress. After 5 years of arduous struggles, a fundamental change has taken place in the municipality's political and economic situations and all fronts have scored remarkable achievements.

#### Ideological Field

The most fundamental change we have achieved since the 3rd plenary session of the 11th CPC Central Committee is that we have restored anew the Marxist ideological line of seeking truth from facts. For a long period of time in the past, many of our comrades were fettered by the "left" deviationist guiding ideology, failed to proceed from reality and to take social practice as a criteria when thinking over questions and doing work, and did not understand the strategic shift decided at the third plenary session and the series of Marxist new theses and new policy decisions set forth by the CPC Central Committee. In line with the CPC Central Committee's instruction, we launched a municipality-wide discussion on the criteria for truth in 1979, and criticized the erroneous principle of "two whateverism." In the meantime, we have upheld the four basic principles and opposed the interference by the rightist erroneous ideology. Through universal education in the ideological line of dialectical materialism, the spiritual shackles that fettered the people's minds for a long time have been shattered, and the guiding principle of "emancipating the minds, using the brain, seeking truth from facts, and uniting as one to look ahead" have been accepted by more and more party members and cadres." This was a great emancipation of the mind, which facilitated the efforts to stop chaos and restore order in the practical work on all fronts. "Seeking truth from facts" is the quintessence of Mao Zedong Thought. Things which have proved correct through social practice should be resolutely restored, although they were once criticized as being "capitalist" and "revisionist." Things which have proved incorrect after being tested by social practice should also be resolutely corrected even though they were once affirmed and advocated. More and more of our comrades have noticed in their leadership work that they

should proceed from the reality of their specific units when studying new situations and solving new problems. The previous situation in which the reality of a specific unit was ignored and the instructions from higher levels were mechanically copied and transmitted has been changed to a certain extent. When reviewing our ideology and work of the past 5 years, every comrade will feel that it was because of the restoration of the ideological line of seeking truth from facts that vigorous creative power has appeared in all fields of socialist modernization.

Another significant ideological change is that most comrades within the party have achieved unity in their understanding of right and wrong concerning some historical questions since the founding of the PRC. Before the 6th plenary session of the 11th CPC Central Committee, people within the party had rather confused views on some important historical questions because the "left" deviationist errors of the "Great Cultural Revolution" which affected the whole situation and lasted for a long time had not been seriously clarified. After the 6th plenary session of the 11th CPC Central Committee, we devoted more than 6 months first to train in rotation leading cadres at and above the district, county and bureau levels with the "Resolution" as the main content. After this we aroused all party members to conduct thorough study, thus achieving positive results. Everyone has come to clearly understand that it is necessary to thoroughly negate the "Great Cultural Revolution" and the so-called "theory of continued revolution under the dictatorship of the proletariat," to correctly assess the historical position of Comrade Mao Zedong in the Chinese revolution, and to fully understand the great significance of Mao Zedong Thought as the guiding ideology of our party. Comrade Mao Zedong was a great Marxist, a great proletarian revolutionary, strategist and theorist. Viewed from his life as a whole, his contributions to the Chinese revolution were far greater than his mistakes. His contributions to the Chinese revolution were far greater than his mistakes. His contributions were primary, and his mistakes secondary. Mao Zedong Thought is the application and development of Marxism-Leninism in China, is the correct theoretical principle for and summing-up of experiences of the Chinese revolution which has been proved by practice, and is the crystallization of the CPC's collective wisdom. It is our party's valuable spiritual wealth and will be a guidance for our action for a long time to come. Through study and correct summation of the party's historical experiences, we have raised our awareness in upholding the four basic principles and implementing the line adopted at the third plenary session, and have enabled the whole party of Tianjin Municipality to achieve new unity on a new basis.

Following the guidelines of the 12th national party congress, we have placed the building of the socialist spiritual civilization with the communist ideas as its core in a important strategic position, and have adopted specific and practical steps and measures to greatly promote it. Over the past few years, we have strengthened regular ideological and political work and carried out extensive 'five-stress, four-beauty and three-ardent-love' activities. The masses of our municipality have also created various lively activities which have their own characteristics for self-education, such as youngsters vying for wearing "small red flowers," publicity of nearby communist factors,



education in the "three histories" (Chinese modern history, party history, and history) developed from education in modern history, education in the sense of being masters of the country--the sense of "shouldering responsibilities when the state has difficulties,"--and the activities to organize young people, militiamen and office cadres to participate in voluntary labor, etc. What should be particularly pointed out is that in the construction of the Luan He water diversion project, the spirit of armymen and civilians uniting in arduous struggles was cultivated. This spirit is the development, in the new period of the revolutionary spirit cultivated in our party's protracted revolutionary struggles. It has exerted a positive influence on all fronts of the municipality. Summing up these fresh experiences has enabled us to continuously deepen the activities to establish the spiritual civilization, to enhance the people's ideological awareness, to call forth the people's patriotic enthusiasm and vigorous revolutionary spirit, and to actively promote the improvement of party style and social conduct and the development of the socialist economy.

### Political Field

Since the 3rd plenary session of the 11th CPC Central Committee, we have adhered to the principle of seeking truth from facts and correcting mistakes whenever discovered, have reversed and corrected unjust, false and wrong verdicts on a large scale across the municipality and have solved a great number of problems left over from the history during or before the "Great Cultural Revolution." By the end of 1981, all the unjust, false and wrong verdicts declared during the "Great Cultural Revolution" had been redressed and the cases which had been wrongly incorporated into the right wing had been corrected, thus basically solving the wrong verdicts given during the "four clean-ups" movement and the "anti-rightist struggle." The party's policies, which had been seriously destroyed during the "Great Cultural Revolution," now have been implemented one after another. These policies include the policy towards intellectuals, the policy concerning model laborers, the policy towards nationalities, the policy concerning religion, the policy concerning the Overseas Chinese affairs, the policy towards the Taiwan compatriots and their family members, the policy towards the former industrialists and businessmen, and the policy towards the former Kuomintang members who revolted and crossed over to our side. At the same time, the label of landlord and rich peasant had been cast off from those landlords and rich peasants who had already been reformed. All these achievements have greatly mobilized the initiative of the large number of cadres and the masses, have changed the negative factors to positive ones and have prompted the development of the political situation characterized with stability and unity. This situation of stability and unity is our political precondition for developing the four modernization drive.

Socialist democracy and the socialist legal system have been strengthened continually. All cities, districts and counties have established the people's congress system and the standing committees of the people's congresses. Direct election of people's deputies has also been effective in various districts and counties. Over 90 percent of plants and enterprises have implemented the workers' congress system which is under the leadership of their CPC Committees. Most neighborhoods have established and restored neighborhood committees, mediation committees and public security committees. Most rural areas have

established village residents' committees and the mass autonomy has been developed in the grassroots society. All laws and decrees formulated by the state and the local laws and regulations formulated by the municipality have been propagated and implemented on a large scale, thus strengthening the sense of observing the legal system among the large number of cadres and the masses.

The work of political and legal organs at all levels has been restored and strengthened and public security has been greatly consolidated. Under the leadership of CPC committees at all levels, the people on various circles have been mobilized to deal blows according to law to a group of criminals who have seriously jeopardized public security. At the same time, the overall handling of criminal cases has been stepped up and a group of youths and juveniles who committed slight offences have been redeemed. Since the summer of 1983, we have concentrated our efforts on dealing strict blows to criminal offences, resulting in an obvious improvement in public security. Since the beginning of 1982, we have conducted the struggle of dealing blows to serious economic crimes in line with the instructives of the CPC Central Committee, revealed a number of economic malfeasances of various kinds and these malfeasances have been investigated and dealt with in a conscientious manner. The strengthening of the socialist democracy and legal system has changed the confused situation caused by the 10-year domestic turmoil in which democracy was trampled on, there was no law to follow and the people refused to observe even those laws that did exist. At the same time, the people's democratic dictatorship has been consolidated and strengthened.

The united front work which had been ruined by the Lin Biao and Jiang Qing counterrevolutionary clique now has been gradually restored and new progress has been made in this regard. Along with the implementation of various policies concerning the united front work, non-party friends have been filled with a high degree of patriotic zeal, and have done their utmost and offered advice and suggestions for achieving the goal of unifying our motherland and for building the Tianjin four modernization drive.

By the end of September 1983, Tianjin had completed the restructuring of the rural people's commune system and the township political power has been established in most rural areas. The building of urban political power has also been strengthened. Various districts and neighborhoods have done lots of work in organizing the people's daily life, giving employment and maintaining social order. The militia in our municipality has vigorously guarded the four modernization drive and played a shock brigade role in developing production. Trade unions, the CYL committees, women's federations and other mass organizations at all levels across the municipality have actively mobilized and organized the large number of workers, youths, women and intellectuals to observe the party line and take part in the four modernization drive, thus giving play to the role of being assistants of the party and to the role of maintaining close links with the masses.

#### Organizational Field

While conducting investigation work in Tianjin in August, 1979, Comrade Deng Xiaoping pointed out: Now that the party has formulated ideological lines and

political lines, we must solve the problems of organizational lines. The most urgent task for solving the problems of organizational lines is selecting good successors and this is an important task facing the whole party and especially old comrades. Since then, we have ceaselessly consolidated, readjusted and strengthened leading bodies at each level. In the course of consolidating, readjusting and strengthening leading bodies, we, on the one hand, unmasked groups of "three types of persons" who sneaked into leading bodies and persons with serious problems and strictly handled the problems concerning serious impurity of the leading body of the municipal aquatic bureau. On the other hand, we relied on old cadres' inspections, selected excellent middle and young cadres who persistently implement the lines set forth at the third plenary session and who have ability, promoted them to the first-line posts and let them bring into play their intelligence, ability and wisdom and temper themselves at the leadership post.

Since the latter half of last year, in line with the directives of the party Central Committee, we have restructured party and government organs at the municipal level and sped up the pace of readjusting leading bodies. As of the end of November, the work of readjusting leading bodies at and above district, county and bureau levels had basically been completed. After readjustment, leading bodies have made a great breakthrough in becoming more revolutionary, younger in average age, better educated and more professionally competent. Their average age is 50.2, a reduction of 7.5 years as compared with that of the original leading bodies. A fairly reasonable age structure has initially formed. Fifty-one percent of them have the educational level of at and above college, a rise of 24.6 percent over the original leading bodies. Some 18.8 percent have the titles of professional technology. Economic, scientific and technological, and educational departments have tried every possible means to compose their leading bodies by selecting professional talents from all fronts. Through this great scale of cooperation and replacement among new and old cadres, the work of leading bodies at all levels maintain continuity, the party's fine traditional workstyle has been carried on and the whole situation is stable. There are several important reasons why this was achieved: 1) resolutely implement the directives of the party, handle affairs in accordance with party spirit and the party's principles, appoint people on their merits, never engage in factionalism and never be swayed by personal considerations; 2) Adopt mass lines, carry out the method of combining democratic recommendations with organizational inspections, and rely on the mass to expand the visions and "ability" of selection and promoting cadres; 3) The broad masses of old cadres expressed their high-degree political awareness and fine revolutionary character in this revolution. They attached importance to the undertakings of the party and the people, recommended worthy persons, selected able persons, warmly supported middle and young cadres and decisively carried out their roles in promoting the smooth progress of our municipality's organizational reform and readjusting leading bodies.

In the course of carrying on the great historic change and accomplishing the task for readjusting leading bodies in the past few years, party committees and organizational work departments at each level across our municipality ceaselessly eliminated the influence of "leftist" ideology, got rid of rightist interference, extricated themselves from the bonds of various old and backward ideas, reformed some organizational systems and system of personnel

affairs that were not appropriate to the occasion, and found and promoted excellent talented persons closely in line with the party's political line of socialist modernization. All these expound that a great turn has been taken in our municipality's party organizational work.

After the third plenary session, discipline inspection organs at all levels in our municipality had been restored, and helped party committees implement "the guiding principle for inner party political life" and the new party constitution, corrected party workstyle, safeguarded party discipline, and achieved results in their work. They investigated and handled a group cases in violation of party discipline, and simultaneously have done a great deal of work concerning the masses' letters and visits. The party's discipline inspection work is ceaselessly strengthened. This successfully promotes the task of setting things to right, restores and carries forward the fine traditional workstyle of the party, strengthens the party's sense of organization and discipline and ensures the implementation of the party's lines, principle and policy.

#### Economic Construction Field

Over the past 5 years, we have conscientiously carried out the eight-character policy of "readjustment, restructuring, consolidation and improvement: focusing on the economic construction to extricate the national economy from stagnation and bring it to an orbit of steady and sound development. The municipality's 1982 industrial and agricultural output value totaled 23.29 billion yuan, which was 38.3 percent more than in 1978 and which represented an annual increase of 8.4 percent. The municipality's 1982 national income was 10.1 billion yuan, a 35.2-percent increase over 1978 and an annual increase of 7.8 percent.

Industry and communication. A great amount of work has been done in readjustment and reorganizations, in enterprise consolidation, in system reform and in technical transformations, and certain achievements have been scored. Since the second half of 1979, we began to readjust the proportion between light industry and heavy industry, exerted great efforts to develop light and textile industries according to the principle of giving "six priorities" to light industry, and correspondingly readjusted the service orientation of heavy industry. In early 1981, in implementing the central authorities' principle of further readjusting the economy, we readjusted product mix and organizational structure, and worked out plans and developed one by one 18 light industrial and textile trades and 5 coordinating trades. In the 4 years between 1979 and 1982, the output value of light and textile industries increased by an average of 12 percent annually. The quality of the products of carpet, tableware, radio and television broadcast, film projector and camera enterprises improved and their output value was more than doubled. The long-term shortage of some commodities in short supply was alleviated, and light and heavy industries began to develop in a balanced way. The yarn-dyed fabric company, the carpet company and the radio joint company tried out the system of operating as an enterprise, thus noticeably improving their economic results. In the first 3 years after the third plenary session, we paid attention to enterprise



consolidation aiming at restoration, established necessary rules and regulations, and restored normal production order. In early 1982, acting according to the requirements set forth at the No 2 document of the central authorities, we started comprehensively consolidating key enterprises group after group at different times. We achieved a good beginning in the reform of the economic system. Beginning from the second half of 1979, we gave greater autonomy to enterprises and selected some pilot units to experiment in the profit-sharing system in various forms. By the end of 1982, most of the state industrial enterprises had enforced the system of retaining all their profits. In July this year, they fulfilled the first step to replace profit delivery with tax payment. Technical transformations were carried out at existing enterprises aiming at conserving energy and water and developing light industrial and textile products in short supply. Implementing the principle of taking planned economy as the dominant factor and supplementing it with the regulation of the market, more and more enterprises have paid attention to market forecast, strengthened management and begun to change their sole attention to production to dual attention to production and management.

After several years of efforts, our municipality's industrial production has begun to move toward the orbit of focusing on the improvement of economic results. In 1982, the municipality realized 21.18 billion yuan of industrial output value, representing an annual increase of 8.1 percent in the 4 years. Although adversely influenced by the rises of raw material prices and the reduction of product prices, the average annual increase in profit and tax was 5.8 percent. Compared with 1978, the 1982 per capita productivity was 14.5 percent higher.

Over the past few years, communications and transportation departments have strengthened their organization of transportation, vigorously tapped their potential and strived to expand their transportation capacity. We have newly built eight berths to increase cargo handling capacity by 4.07 million tons. We have constructed Beihuan railway line, expanded the west station and the Nancang marshalling station, and extended the Ligang line of local railway. We have built or repaired 561 km of highways to make every township accessible to cars. The Zhangguizhuang Airport has opened three new routes, including one from Tianjin to Hong Kong. Development has been achieved in the municipality's communications, postal and telecommunications undertakings.

Agriculture. Since the third plenary session, we have relied on policy first and science second. Priority has [been] given in developing agriculture, and agricultural development is in the ascendant. Through implementing the principle of resting and building up strength, raising the prices of agricultural products, enthusiastically carrying out agricultural reforms and implementing various forms of production responsibility systems, agriculture begins to thrive. Tremendous achievements have been made in agricultural reforms and a fundamental turn has been taken in agricultural economy. Over 95 percent of some 18,000 basic accounting units in the whole municipality have formulated various forms of a production responsibility system centering on the system of contract responsibility with payment linked to output and combined the superiority of collectively owned economy with initiative of commune-member

household business. Peasants have the decisionmaking rights to production and business, labor enthusiasm is rising to an unprecedented height, and this is a key to creating a new situation in rural areas. The number of specialized and key households engaged in commodity production has developed to 130,000, and the number of various forms of integrated economic units, over 8,400. Rural areas established various types of specialized companies serving agricultural production one after another and a new situation, in which the rural economy is specialized and commercialized, has appeared. Efforts have been made to readjust rural economic structure and the plans for agricultural crops. Greater development has been made in the diversified economy. Comparing 1982 with 1978, the increases of output value of forestry, animal husbandry, sideline occupation and fishery ranged from 56 percent to 130 percent. Through readjustment, commune- and brigade-run enterprises had made great progress. Some township government seats have become an initial form of small towns concentrating on commune- and brigade-run enterprises and with the specialities of combining urban areas with rural areas and combining industry with agriculture. An upsurge in studying and applying science is emerging in rural areas. Agricultural scientific and technological personnel have enthusiastically made contributions to universalizing scientific knowledge and developing agricultural production. In 1982, the agricultural output value reached 2.11 billion yuan. Under 4 successive years of drought, the value of agricultural output increased at an annual average rate of 12.2 percent. A great group of production teams whose agricultural output value doubled emerged. The agricultural output value of western outskirts increased by over 100 percent. Along with the development of agricultural production and the increase in the rate of commodities, cities are provided with a great amount of vegetables, milk, eggs, poultry and meat. This vigorously supports the urban construction.

Since running agricultural-industrial-commercial integrated enterprises on a trial basis in February 1979, a good situation in great development of production and substantial increase of profits has emerged in our municipality's state-owned agricultural farms. The situation in which they suffered losses for 26 successive years has been changed. In 1982, they realized 21 million yuan of profits, a 13.8-fold increase over 1979. Reforms are the key reasons for remarkable changes in state agricultural farms. The unitary economic system is changed and initial achievements have been made in combining agriculture with industry and commerce, and make production, processing and marketing a coordinated process. Agricultural farms implement the system of contract responsibility with payment linked to output, and greatly arouse the enthusiasm of the great number of staff and workers. Some state-owned agricultural farms established economic contracts with specialized production teams and specialized households nearby. This organizational form will expound more and more important functions to consolidate and develop rural socialist economy.

Rural construction. Remarkable achievements have been made in concentrating funds, material resources and construction strength on ensuring the construction of key projects and in firmly attending to the restoring and reconstruction of earthquake-afflicted areas. The earthquake disaster in 1976 damaged different types of buildings on over 70 million square meters of rural areas in our municipality in various degrees, and the disaster areas accounted for 68 percent of total rural building areas. Through efforts in the past few years, most

of our houses, factories, schools, hospitals and stores which were dismantled by earthquake disaster have been repaired and reconstructed. Some new houses and subsidiary facilities for commerce, medical services and nursery have been built and some basic urban facilities centering on urban water supply, water dredging, roads and traffic have been completed appropriately. The urban construction covering 18.57 million square meters of lands has been completed. The construction of 14 large and medium-sized projects, including a petrochemical fibre plant and a kinescope plant, has been completed. This brought about new production ability and an improved living environment of the people. New changes have been taking place on the urban landscape.

In September 1981, the CPC Central Committee and the State Council decided to initiate the project of diverting the Luan He water to Tianjin. This was an important strategic measure for solving Tianjin's problem on urban water consumption. The project covered a total length of about 234 kilometers and 215 construction projects. The construction task was very arduous. Thanks to the active construction of PLA units stationed in Tianjin, a unit under the railway corps, and commanders and fighters of the Tianjin Garrison District, with the vigorous supports of Hebei Province and 18 other provinces and cities, under the specific guidance and assistance of the pertinent departments and commissions under the State Council, and with the concerted efforts of the people across the municipality, the whole project was completed and put into use on 11 September 1983 after 16 months of arduous efforts, 2 years ahead of the state-set time. This project has provided our municipality with relatively stable water sources and with a relatively good water transmission network, thus greatly improving Tianjin's water supply situation.

Commerce. Efforts have been made to open various kinds of circulation channels, to adopt diversified managerial forums to develop diversified economic undertakings, to reduce circulation links, to expand the flow of goods and materials and to support industrial and agricultural production. The market has been brisk, both purchases and sales have been flourishing, and the trade fair has become brisker and brisker in urban and rural areas. In each year from 1979 to 1982, the total sum of commodities purchased for domestic trade increased at an average rate of 7.1 percent, the sales volume increased at an average rate of 6.5 percent, and the total volume of retail sales increased at an average rate of 11 percent. Gratifying progress has been made in restructuring the system of rural supply and marketing cooperatives which have played an active role in purchasing agricultural and sideline products, supplying the means of production and livelihood and imparting agricultural sciences and technologies.

Foreign economy and foreign trade. Trade relations have been established with more than 150 countries and regions and a relatively great development has been made in export and import. In 1982, exports via the Tianjin Port amounted to \$1.424 billion, an increase of 65 percent over 1978 and showing a yearly average increase of 13.3 percent. Great efforts have been made to develop such flexible trade forms as supporting export with import, processing goods with materials supplied by foreign customers, assembling goods with imported spare parts and compensatory trade. At present, the exported products processed

with imported foreign raw materials accounted for over 40 percent of the total commodities procured for export. Export mix has been changed. The exported industrial products have made up for three-fourths of the total export value. The utilization of foreign capital and the import of technologies have promoted the equipment renewal and technical transformations for some economic departments in the municipality. The seven enterprises run with Chinese and foreign capital have achieved fair results and gained initial experience. Great development has been seen in tourism. The foreign exchange from various kinds of non-trade projects has also increased by a relatively large margin. Over the past few years, we have signed some contracts with foreign countries to develop construction projects, and have sent technical and medical personnel to support the Third World to develop construction.

Regional economic and technical cooperations. New progress has been made in this regard in the past few years. Long-term and stable economic cooperative relations have been established with 21 provinces, cities and regions. Various forms of cooperation and integration on technologies, goods and materials and competent persons have been developed, thus promoting the economic development between our municipality and the fraternal regions.

The Financial, banking, supplies, pricing, statistical and industrial and commercial administrative departments have made great contributions to developing the municipal economy and guaranteeing the people's livelihood.

#### Scientific, Educational and Cultural Field

Science and technology have been rapidly restored and developed, and their orientation to serve economic construction has been further clarified. Focusing on economic construction, scientific research units have conducted cooperation to tackle technical problems, technical exchanges, popularization of science, technical consulting services and application of scientific research results. They have begun to introduce the scientific research contract system and the royalty transfer of scientific research results. Some units of our municipality conducted technical cooperation with 13 colleges and universities, including Zhejiang University, Qinghua University, Xian Communications College, Tianjin University and Nankai University, and took over some scientific research results. Our municipality also signed a technical cooperation agreement with the Commission to Science, Technology and Industry for National Defense and began to apply, in a planned and step-by-step manner, the advanced production technology of the national defense industry to production for civilian use. We have organized five great forces--universities, defense industrial enterprises, central scientific research units stationed in Tianjin, municipal scientific research organs and scientific and technical forces of production units--to exert great efforts to gear technological import and technical transformations to the needs of economic construction.

Over the past few years, our municipality's scientific research units have provided 20 inventions and some 1,100 major scientific and technical findings to economic construction and defense construction. Mass technical cooperation and technical innovations have solved a group of key problems in production.



New progress has been made in applying new scientific and technical findings, popularizing new technology and assimilating and importing advanced technology in industrial and agricultural production.

Our municipality's philosophical and social science study has become more vigorous. This year, we organized a group of theoretical workers and practical workers to conduct investigations and research on 22 subjects centering on the new problems in the four modernizations, and have achieved initial results.

Education, which was managed by the counterrevolutionary cliques of Lin Biao and Jiang Qing for a long time, has been brought to an orbit of healthy development through our efforts to stop chaos and restore order. Urban and rural nurseries and kindergartens have developed rapidly and rural primary education has basically become universal. After being restored and consolidated, the quality of primary and middle school education has continued to improve. Initial results have been achieved in restructuring secondary education. Vocational middle schools in urban areas have increased to 47 and those in suburban areas and counties have increased to 52. In the field of higher education, catering to the needs in the national economic and social development, we have restored or built nine colleges and universities and seven branch schools of universities, established departments of several badly needed and budding specialties, and substantially increased enrollment and the number of students and graduate students at schools. We have initially reformed the recruitment and distribution systems, and recruited self-support nonresident students, students whose jobs will not be arranged by the state after graduation, students who attend schools on a contract basis and students recruited to study certain fixed specialties, thus changing the unitary system of higher education. Further development has been achieved in the education of workers and peasants. Students studying at staff and workers' schools of higher learning and at television universities have increased to more than 33,000. Enterprises and establishments have attached greater importance to intellectual development and have adopted various measures to train their staff and workers. More peasants have raised funds to develop schools and an encouraging sign of the trend of communes and brigades training competent agricultural scientific and technical personnel of college or secondary school levels with their own funds has appeared.

Going to the thick of life and production, many literary and art workers have created a number of fairly good reportage, novels, essays, poems, dramas, folk art, music, dances, paintings, carvings and photos. Some amateur writers have also created good works and some of them have had a certain influence in the country. Mass sparetime cultural activities have been carried out more widely. New achievements have also been scored in press, radio and television broadcasts, publications, public health and physical culture and sports. Fairly noticeable progress has been made in family planning. The municipality's planned birth rate has become as high as more than 90 percent, basically changing the situation of blind population growth.

#### The Livelihood of the People

In the 5 years since the 3rd plenary session of the 11th CPC Central Committee, we have actively solved some problems in the livelihood of the people which

urgently needed solution. The five major ones are: First, we have conducted reconstruction work after the earthquake disaster with a focus on residential houses, repaired earthquake-damaged houses with an area of 4.98 million square meters, developed 10 new residential areas, and built and rebuilt some 14 million square meters of housing, topping the total residential construction area in the old Tianjin Municipality in the Liberation Period and the total area of urban residential houses built in the 30 years from 1949 to 1978. Second, through various channels, we have arranged jobs for 644,000 persons, of which half were arranged by developing the collective and the individual economy, thus basically solving the employment problems of urban youths. Third, in the past 2 years, we have established some 3,000 commercial networks which have made things convenient for the residents. Fourth, we have scored pronounced achievements in urban construction such as building roads, bridges and water supply and drainage facilities and planting trees in the urban areas. Fifth, the urban water supply problem, whose solution the people in Tianjin have longed for, has been basically solved thanks to the completion of the project to divert Huanhe river water to Tianjin.

On the basis of developing production, the livelihood of the urban and rural people has markedly improved. Over the past few years, we have readjusted the wages of staff and workers several times and have implemented the award system. Comparing 1982 with 1978, the average monthly wages of staff and workers across the municipality rose from 54.33 yuan to 68.33 yuan. Owing to the increase in the number of persons employed, the number of persons supported by each staff member and worker on the average is less than one. In addition, the state has given price subsidies for some commodities. The average per-capita income of peasants rose from 153 yuan to 326 yuan. With the increases in income, the consumption level of the urban and rural people has improved remarkably.

The road which we traveled in the past 5 years was not even. It was a road of hardships and struggles. Our achievements were not easy to obtain. Looking back at the time when we implemented the line of the third plenary session 5 years ago, we encountered a complicated situation in which we had to handle many problems. The "three types of persons" were still assuming leadership in some units and the influence of the "leftist" guiding ideology had not yet been eliminated. Numerous problems left by history remain to be solved. Hundreds of thousands of masses were living in makeshift shacks and more than 400,000 youths were waiting for jobs. The national economy was imbalanced, the production of industry and agriculture stagnated, and the market was in short supply. The seriously-disrupted educational, scientific and cultural undertakings were not in a current path and the enthusiasm of the broad masses of intellectuals had not yet been mobilized. Even after implementing the strategic change in the work emphasis, we still had to spend lots of energy to properly handle and solve these problems one by one. In the course of implementing the line set by the third plenary session, we have encountered the "leftist" and the "rightist" interference, the challenge of the processing industry caused by the readjustment of the national economy and the menace of the 4 successive years of drought which imposed a threat on industrial and agricultural production and on the people's livelihood. In the face of such a rigorous

situation, we have persisted in using the line, principles and policies of the CPC Central Committee to unify the whole party, particularly the ideology and understanding of the leading cadres at and above the district, county and bureau level, integrated the spirit of the CPC Central Committee with the actual situation in Tianjin, unswervingly believed in and relied on the 7.7 million people and the 440,000 party members in the municipality, respected their creative spirit, summed up and popularized the new experience which they created in the course of practice, continuously struggled against all phenomena that caused harm to stability and unity, safeguarded and promoted the political situation of stability and unity, boldly selected and used cadres with a good state of mind who dare to blaze new trials, actively promoted and advocated investigations and research, decided to reform, vigorously carried out policies and fostered a workstyle of stressing actual effects. Through the united struggle of the party members and the people across the municipality, we have finally overcome the serious hardships caused by the "Great Cultural Revolution," and by the earthquake, have embarked on a sound path charted by the third plenary session, have made steady steps forward and thus have arrived at today's good situation.

After 5 years' practice, it fully proved that the ideological lines, political lines and organizational lines formulated by the party Central Committee since the 3rd plenum of the 11th party Central Committee are completely correct. The large number of party members and cadres, and thousands and thousands of people have grasped these lines, which become tremendous power to promote success and progress in all undertakings. At the same time, practice also proved that the ranks of our party and party organizations at all levels have combatting power and have complete ability to unite and guide the people of the whole municipality to conquer all types of difficulties and to capture victories.

While fully affirming our achievements, we must sober-mindedly notice there are shortcomings and insufficiencies in our municipal CPC committee's work. The situation in which our ideological and political leadership is in the state of weakness and laxity has not basically changed. The situation in which the ranks of the party are in the state of ideological, workstyle and organizational impurity cannot effectively be consolidated in time. The level of our leadership over the economic work is not high and we fail to firmly attend to enterprise consolidation and technical transformation, so that our economic results are not ideal. We lack inspections and supervisions over some tasks and fail to sufficiently sum up experiences and problems in work. Some leading organs have a comparatively serious bureaucratic workstyle, hold up many affairs, and fail to handle some affairs that should be handled.

Comrades, looking back on the course of the struggle in the past 5 years, we deeply felt, under the leadership of the party Central Committee, the roads which we took in these few years were correct. Although there were some shortcomings and mistakes in our work, and we will certainly meet new difficulties in the road of progress, we will successfully realize the grand goal of the four modernizations so long as we continue adhering to the four basic principles and attending to the two civilizations, and persistently take the road along the guidance of the 12th party congress.

## 2. Vigorously Promote the Socialist Material Civilization and Spiritual Civilization

Under the guidance of the 12th party congress, we have entered into a period of comprehensively creating a new situation for socialist modernization. In line with the demands of the general tasks of the party under the new historical period, we should vigorously promote socialist material and spiritual civilizations. By the end of this century, we should build Tianjin into a socialist, modern, industrial and commercial municipality. Our tasks for socialist modernization involve many fields. However, all comrades should sober-mindedly understand that the party's political lines in this stage center on socialist modernization. Concentrating the four socialist modernizations is economic construction. From beginning to end, economic construction is the key work of the whole party. All work departments should serve this key work, and cannot slacken it at any moment. In order to concentrate on economic construction, we must firmly attend to organizational reform and the reform of the economic system, vigorously construct socialist spiritual civilization, strictly deal blows at serious economic criminals, criminal offenders and various types of criminal activities and conscientiously consolidate the party's workstyle and organizations. These are four important guarantees for the modernizations.

### 1) Center on Raising the Economic Results, Lay a Good Foundation, Accumulate Strength, Upgrade Work Level and Make Good Preparations to Promote the Economy

Tianjin is an important harbor in the northern part of our country. It has a vast expanse of land, convenient transportation, superior geographical position and a fair flourishing of industry and commerce. Tianjin and the surrounding regions have fairly rich natural resources. However, as an old industrial city, Tianjin has many old enterprises. These enterprises' equipment is old, their technology backward, their administration and management not high, the quality of products low and their economic results poor. Proceeding from these practical conditions, we must conscientiously implement the policy of opening to the rest of the world and enlivening domestic economy, carry out the functions as a coastal city, vigorously develop chemical, machinery, electronics and light and textile industries and new-type material and essential basic material industries by using markets, natural resources and funds at home and abroad, achieve the technological transformations among key trades and key enterprises, enthusiastically develop knowledge- and technology-intensive industries and high-grade, precision and advanced products which may bring about good economic results, and speed up the pace of the modernizations. Our goal is to quadruple the gross industrial and agricultural output value by 2000 and to make contributions to the quadrupling goal of the whole nation on the premise of raising economic results.

The 5 years from the present party congress to the next are an extremely crucial period for fulfilling the above mentioned strategic goals. Our municipality's major tasks for the economic construction in these 5 years are to continue to implement the principle of readjustment, restructuring, consolidation and improvement, to lay a solid foundation, to raise the standard, to conscientiously bring the national economy to the orbit of focusing on the improvement of the



economic results, to complete the Sixth 5-Year Plan, to carry out the Seventh 5-Year Plan, to achieve a steady growth in the national income, to contribute to the fundamental turn for the better in the state's financial and economic situation, and to make good preparation for the 1990's economic revitalization.

As industry is the main body of our municipality's economy, the development of industrial economy decides, in a certain sense, the fulfillment of our municipality's economic strategic goals. The striking problem that our industry is facing currently is its poor economic results. There are many reasons for this. Insofar as industry itself is concerned, the major reasons are enterprise incompetence, a long period of ignorance of equipment modification and technical transformation, few quality products, high energy and raw material consumption and low productivity. In addition, industrial structure is irrational, power industry fails to meet the needs in economic development, energy which is used only once and not recycled amounts to a larger proportion, the foundation of basic material industry is weak and some products of the processing industry lack a competitive edge and find no market. The development of budding industry is slow and knowledge- and technology-intensive high-grade, precision and advanced products account for a very small proportion. Organizational structure cannot meet the needs. This means that most of the existing enterprises are "large and all-embracing" or "small and all embracing" and their ability for specialized and socialized production is poor. If we do not solve these problems at an early date, Tianjin's four modernizations will not proceed smoothly rapidly. Leading persons at all levels, particularly leading comrades on the economic front, should understand this rigid situation and should educate all the staff and workers of the municipality so that everyone can understand that he is facing a very serious challenge.

Under such a situation, we should, on the one hand, pay attention to the construction of the state-designated key projects and, on the other hand, pay attention to the consolidation and transformation of the existing enterprises. In the next few years, we should lay emphasis on the improvement of the quality of the existing enterprises, tap their potential, and earnestly bring industrial production to the orbit of focusing on the improvement of economic results. In the next 5 years, we should strive to achieve the following: An annual 5 to 6 percent increase in industrial output value and making enterprise profit and tax and production increase abreast; enabling the major economic and technical targets of one-third of our enterprises to reach the best domestic levels of the same trades; increasing the output value of quality products from the present 20 percent of the total industrial output value to 40 percent; upgrading and updating 10 percent of major products every year; and raising the technical levels of the late 1970's or early 1980's. Therefore, we should base ourselves on the present, map out long-term plans and attend to the following six aspects of work with the spirit of striving to catch up.

A. Concentrate efforts on the comprehensive consolidation of enterprises. Enterprise consolidation is the fundamental work for achieving better economic results. In addition to industrial departments, communications and transportation, capital construction, and domestic and foreign trade departments should

also regard comprehensive consolidation as their task of prime importance for the present and for some time to come. The key to consolidation is to consolidate leading bodies in accordance with the "four requirements" for the cadre contingents. Leading bodies should be composed of competent persons of various fields who know politics, technology, management and operation. They should have courage and insight, dare to tackle the difficult, be skillful in management and be able to open up a new situation. Through consolidation, enterprises should establish and improve their basic management work with standardization, fixed quotas, statistics, measurement and information as its major content, establish and improve overall planning control, overall quality control and overall economic accounting, improve the economic responsibility system at each level, and change their sole attention to production into dual attention to both production and management. On this basis, they should actively adopt electronic computer technology, and widely apply system engineering [Xi Tong Gong Cheng 4762 4827 1562 4453], value engineering [Jia Zhi Gong Cheng 0305 0237 1562 4453] and target management so that the management of a number of key enterprises will become scientific and modern. It is necessary to extensively strengthen labor discipline, strictly enforce the system of fixed quotas for persons and consumption, and raise productivity. It is necessary to conduct large-scale training to continuously improve the political, technical and educational standards of cadres and staff and workers. In particular, efforts should be made to train a group of high-grade management policy makers versed in various fields of knowledge. Enterprise consolidation should be accelerated and be carried out in high standards. Enterprises which have been consolidated and have been approved should march toward the goal of being "six-good." The major criteria for enterprise consolidation should be the improvement of economic results. At present, 30 percent of the municipality's industrial enterprises have achieved fairly good economic results. Their profit and tax increase in the past 4 years was constantly higher than their production increase. If the other enterprises can achieve the same and continue to progress steadily, the economic results of the whole municipality will be remarkable improved. We urge enterprises with good or fairly good economic results to march toward advanced domestic or world standards, and strive to make more profit. Enterprises whose economic results are not stable enough and profit-making enterprises which lose money at certain aspects or at producing certain products should earnestly solve this problem in 1 or 2 years so that they can reach the level of advanced enterprises. Enterprises with poor economic results and loss-making enterprises should regard ending deficits and increasing profits as their major task for consolidation, basically put an end to deficits due to poor management by the end of next year, and increase their profits. Enterprises which operate in the red due to implementation of policies should reduce their deficits to the minimum, and they are not allowed to call their deficits produced by poor management as deficits produced by policies. Reduction of occupation of funds and acceleration of circulation of funds should be regarded as the key aspects of consolidation. The auditing supervision system should be established and improved, financial and economic discipline strengthened, expenses strictly controlled, cost overruns, withholding of profit and tax and arbitrary issuance of bonuses strictly forbidden, waste stopped, and income increases and expenditures reduction realized. All competent departments should fully play their role in enterprise consolidation and administrative personnel at all levels should fully perform their duties.

B. Conduct technical transformations in a planned manner with key link pinpointed. Relying on technical progress, conducting technical transformations, and upgrading equipment at a quicker pace are major issues concerning the destiny and future of the economic development of Tianjin, an old coastal industrial city. For a long period of time, we lacked an adequate understanding of these issues, and upgrading of equipment and technical transformations proceeded slowly at old enterprises. Practices of the past few years proved that old enterprises did not have to spend a great amount of money to achieve good and quick results through upgrading of equipment and technical transformations. Therefore, this is an important way for our municipality to achieve the quadrupling goal. We should overcome the conservative idea of following the beaten path, and combine technology import, technical cooperation and joint research of technical problems closely with technical transformations to accelerate technical progress. We should adopt, in a planned manner, a great quantity of new techniques, new technology, new equipment, new designs and new materials, and develop a great number of new products, so that technical backwardness of the existing enterprises can be greatly changed and enterprises of some key trades can gradually change their foundation to that of modern science and technology. In some fields we should strive to skip some stages of traditional industrial development and directly adopt and master such advanced science and technology as computer, laser and optical fiber so as to march toward the advanced world standard. In the near future, we should consider the wide application of microcomputer technology an important aspect of technical transformations. Enterprises provided with necessary conditions should pay attention to applying microcomputer technology to enterprise management, to production process control and to tests and examinations. By doing so, we can increase output, improve quality, reduce consumption and greatly improve economic results with not much money and with the existing equipment and facilities. Our municipality has many small enterprises. They have specialties in easily converting the manufacture of other products, strong adaptability, conveniently engaging in specialized production and applying new technology. But with old equipment and low production efficiency, these small enterprises are in urgent needs of applying microcomputer technology. All relevant departments should conscientiously attend to the work of promoting and applying microcomputer technology. Efforts should be made to organize a group of persons to promote microcomputer technology and to train talented persons in using microcomputers, especially talented persons in software technology. In accordance with the needs of markets at home and abroad, we should define the orientation of developing products. The quality of products should be based on international markets and take the international standards as our strategic goals. We should take the products as a key link to conduct readjustment, reorganization, and cooperation in line with the principle of specialized cooperation and making the economy rationalized, and speed up technical transformations on the basis of rationalized organizational structure. We should map out a general plan for our technical transformations as soon as possible. All departments and trades should appropriately work out plans for technical transformations. Prominent priorities should be given in technical transformations. We should attach prime importance to the technical transformations among machinery and electronics trades so as to quickly arm economic departments with advanced technical equipment. At the same time, we should



attend to the great measures for economizing on energy and water and well grasp the first products with good economic results and which can enter international markets, and the key projects which can change the faces of trades. Each year we should define several key trades and a group of products and efforts must be concentrated on to attend to these key trades and products. Conscientious attention must be paid to the appraisal, digestion, absorption, and creation work of imported items, and enthusiastically to absorbing the advanced technological achievements by the rest of the country and military and industrial departments. A series of the systems of specialists taking the responsibility for certain tasks should be set up from higher to lower levels. We should simplify procedures and raise work efficiency to remarkably promote the technological transformations 4 year after another [as received].

C. Further achieve the readjustment work. In recent years, we made certain achievements in readjusting the economic ratios. But we still have heavy tasks for readjusting the structures of production, technology, enterprises, and organizations. Along with the unceasing development of economy and technology, we will set forth new demands for the readjustment work. With regard to industrial readjustment, first, we should concentrate on the development of key trades, and new and developing industries in our municipality so as to change the present situation in which we do not attach importance to key trades. Second, we should conduct readjustment and reorganization among enterprises in line with the principle of specialized cooperation and making the economy rationalized so as to gradually change the current situation in which some enterprises are "large and all-embracing" and "small and all-embracing." Third, in line with the needs of markets at home and abroad, we should enthusiastically develop the trades and products with a few investments and which occupy small areas, use a little capital construction and can quickly gain economic efficiency. We should try as soon as possible to expand the scale of producing and mass producing the products with high quality and strong competitiveness and marketable products. Decisions should be made to close, suspend, merge, and retool the enterprises whose products are overstocked, whose economic results are poor, and which have no prospects for development from the far-reaching views. Fourth, switch the manufacture of products with high consumption of energy, water, and raw materials to the places which has good conditions for producing them in a planned and step-by-step manner, and enthusiastically give technological assistances to the production of these products. Readjustment is a complicated and painstaking work, so that we should strengthen centralized and unified leadership and conduct thorough investigations and studies. Efforts should be made [to] smash the departmental ownership system, overcome the influence of the ideas about small-scale production and selfish departmentalism, and administratively intervene the activities against the readjustment work. We should properly handle the problems in closing, suspending, merging, and retooling enterprises. Good arrangements and essential training must be given to the staff members and workers of closed and suspended enterprises. We should make full use of idle factories and basic facilities to develop the products in short supply to raise the economic results for the society.

D. Actively and steadily reform the economic system in line with the plans of the central authorities. The reform of the economic system is a must, without which no progress can be made. The reform in urban areas, which is much

more complicated than that of rural areas, is still in a stage of exploration and should be carried out in an active and steady manner. The key points for the present is the reform of the tax system and that of the industrial management system. In carrying out tax system reform, we should complete the second step for changing profit delivery to tax payment, improve the relations between the state and the enterprises, institute the responsibility system for profit and loss, and give enterprises pressure, impetus, and vigor. It is imperative to turn companies into enterpriselike companies at an early date. In line with the requirements for large-scale socialized production and rationalizing economy, efforts should be made to reorganize our municipality's existing administrative companies and change them into various types of enterpriselike companies in 2 or 3 years so as to promote incorporation and the rational readjustment of trade structure and product mix. Planning, foreign trade, commercial, banking, material, labor, wage, and price departments should also conduct reform in line with the plans of the central authorities and the reality of our municipality. We should pay attention to the experiment in both the reform of single projects and overall reform, continuously sum up experiences and gradually popularize the experiences. Through the reform, we should strive to rationalize the entire economic work.

E. Pay close attention to the construction of the key projects which have a bearing on our municipality's development. Acceleration of the construction of energy, communications, postal and telecommunications, and basic material industries has a very important bearing on the national economic development. During the "Sixth 5-Year" and "Seventh 5-Year" periods, we should resolutely ensure the construction of the projects designated by the central authorities. We should step up transformation of the No 1 Powerplant, expansion of the Junliangcheng and Dagang Powerplants and construction of the Chentangzhuang Thermal Powerplant, make greater use of recycled energy and improve energy supply. We should vigorously develop Dagang Oilfield and Bohai Oilfield. We should also pay close attention to completing the capital construction for producing 8,000 tons of long polyester fiber and 15 million square meters of polyester piece, to the expansion of the Tianjin Soda Plant, the transformation of the Tianjin Steel Plant and the subprojects of the Tianjin She County Iron Plant so as to increase the production of our basic materials and other raw materials. Our resources, technical foundation and other conditions make it conducive to develop our municipality's chemical industry and to combine our petrochemical industry with salt chemical industry. This should be carried out in accordance with the unified plan of the central authorities and with our capability. We should step up the construction of the already decided 40,000 channels of urban telephones so as to satisfy the urgent need of the economic construction. Construction of the Xingang Wharf should be accelerated so as to increase port cargo handling capacity. Continuous efforts should be made to complete pipe laying of the Luan He water diversion project and other restoration and reconstruction projects focusing on housing construction and aiming at relieving from the earthquake disaster, and build the Xinkaihe Water Works, the Jizhuangzi Waste Water Treatment Plant and the Xijiao and the Dongjiao Gas Plants so that the complete system of urban construction can be gradually completed, which benefits both production and the people's lives. All fields of the municipality should work in close coordination and concentrate their efforts to accelerate the construction of the municipality's key projects as they did in building the Luan He water diversion project.

Early-stage preparation should be conscientiously made. Designing and construction departments should strengthen management and meticulously design and construct so as to ensure construction quality, reduce construction cost, shorten construction period, and yield better returns.

F. Open up a new situation in entering the international market and conducting domestic cooperation. We should fully develop our advantage of being a coastal city to make more and more of our products enter the international market and to earn more foreign exchange for the state. In order to enhance the competitive edge of our products, we should combine our efforts to enter the international market with those to import. We should import funds, technology, and competent personnel and utilize foreign funds to solve our problems of fund and raw material shortage and technical backwardness and to enhance our ability for self-reliance. We should make a breakthrough in this task in the next 5 years. First, we should work out medium- and long-term plans for foreign fund utilization and technology import aiming at transformation and development, and make sure that funds are used rationally. Second, in line with the policies of the central authorities, proper preferential treatment should be given to tax payment, domestic sales of products, land utilization, and workers' wages, and corresponding local legislation should also be successfully completed so as to show our determination to give the preferential treatment faithfully. Third, we should try various channels to absorb foreign funds, establish enterprises with joint investment or efforts, conduct lease trade [Zu Lin Mao Yi 4436 6324 6319 2496], and try out establishing enterprises with sole foreign investment. Fourth, it is necessary to establish authoritative and highly efficient development organs. As to the work of domestic economic cooperation, we should continue the principle of mutual benefit and, under the guidance of the state plan, facilitate various forms of cooperation in resource development, in production and management, in foreign trade, in technical and personnel exchanges and in consulting services, and organize an extensive network of economic cooperation.

In order to realize the strategic quadrupling goal and the demands for a steady growth of the economy, all economic departments including the agriculture, communications, and transportation, commerce and construction industry should closely concentrate on the cooperative development of industry.

With regard to agriculture, we should comprehensively implement the guidelines of the directives of the No 1 documents by the central authority in 1983, sum up the rural areas' new experience in reforms and study and solve new problems. We should further improve the system of contract responsibility with payment linked to output, enthusiastically support the development of specialized and key households and various types of economic integration, and fully arouse the initiative of peasants in socialist production. We should achieve the socialized service in the work before and after production and in production process, and open up channels for circulations to solve peasants' difficulties in purchases and sales. In accordance to the principle of "never ignoring grain production and enthusiastically developing diversified economy" and the agriculture by the outskirts of big cities serving cities, we should shift our orientations to develop modern agriculture and larger-scale production of commodities. We should conscientiously strengthen agricultural science and

technology, apply and promote modern agricultural science and technology and conduct agricultural technical transformations in a planned manner. Efforts should be made to strengthen agricultural capital construction, improve the conditions for production, readjust plans for growing crops in line with local conditions, take the roads for saving water and developing dry farming, and try as soon as possible to change the situation in which our grain production is backward. Vigorous development should be made in the diversified economy centering on producing nonstaple food to offer more and better vegetables, milk, eggs, fishes, meat, and fruit to urban areas. We should develop the rural collectively owned industry, especially the trade for precisely processing agricultural and sideline products and labor services. Further efforts must be made to emancipate our minds, relax policy restraints, and rationally develop and use uncultivated lands and mountainous areas, water surfaces, and beach areas so as to deeply and widely make progress in production. Gradual efforts must be made to comprehensively develop agriculture, forestry, animal husbandry, sideline occupation and fishery, generally manage agriculture, industry and commerce, and ceaselessly raise economic results. Industry must vigorously support agriculture to offer high-quality and applicable means of production to agriculture.

Priority must be given to communications and transportation in order to suit the needs of economic development. Efforts must be made to generally develop harbors and rivers, enthusiastically develop sea transportation, inland water transportation, railways, highways and air transportation, speed up the development of telecommunications undertakings and strive to build Tianjin into a modernized hub of communications with convenient traffic and quick access to information.

With regard to foreign trade, we should foster a strategic idea of facing the world market and adopt different principles for different countries and flexible and varied trade ways to enthusiastically open up international markets under the unified guidance of the plan by the central authority. We should readjust the structure of export products, switch to the production of high-quality and high-grade products, closely combine industry with trade, and create a group of famous-brand products which may gain more foreign exchange and have strong competitiveness. Vigorous development should be made in undertaking foreign projects on a contract basis, labor cooperation, and travel undertakings.

As for commerce, along with the development of production construction and the shift of the path of industry centering on raising economic results, the circulation of commodities becomes more and more important. Commerce should carry out its role in play as promoting the guidance of production, making the economy flourishing, enlivening markets, and safeguarding commodity supply. Commerce engaged in wholesaling industrial products should persist in the principle of taking the state owned commerce as a key link, carry out the principle of various channels for cooperative management, and vigorously open up markets. We should continue developing retail commerce and service trades, establish the food and nonstaple food markets suiting the needs of different consumers, and achieve a stability of goods supply, the supply of abundant commodities and an easy service for the people. Rural supply and marketing cooperatives should widely let peasants become shareholders to make rural supply and marketing cooperatives become mass cooperative economy and a general service center for rural economy.



In conducting urban construction, it is necessary to implement the guideline of integrating transformation with building new projects; to follow principles favorable to production and the people's livelihood; to vigorously study and examine the overall urban construction plan in line with the experience gained by the old industrial and harbor cities at home and abroad in transformation and construction; to rationally readjust the urban construction arrangements along with the rebuilding plan for earthquake disasters; to strengthen the construction of urban housing projects and basic and service facilities; to do a good job in conducting urban management and environmental protection; and to upgrade the comprehensive functions of cities.

To meet the need of building the modern economy and social development, the departments of finance, tax revenue, banking, and commodity prices should further play the role of a lever in economic work. All-out efforts should be made to strengthen the building of the information system, to further do a good job in conducting the work of statistics, intelligence, telecommunications, and reference materials, to increase necessary equipment, and to set up network by fostering coordination so as to provide overall and accurate information in a timely manner.

We must follow the guideline of feeding the people first and carrying out construction next. On the basis of developing production, it is necessary to gradually improve the material and cultural life of both urban and rural people. Family planning is the basic policy of our country. Our municipality will still suffer a peak in the birthrate in the 5 years to come. We must further do a good job in vigorously grasping the family planning work and continuously encourage late marriage and birth, as well as urge the people to have fewer births and to uphold eugenics so as to strictly control population growth and to realistically upgrade the population quality.

## 2) Regard Communist Ideology as a Guide to Strengthen the Building of Culture and Thought

While building a highly-developed material civilization, it is imperative to vigorously build a highly-developed socialist spiritual civilization. The socialist spiritual civilization is one of the important characteristics of socialism. It not only can play a tremendous promoting role in building material civilization, but can also safeguard the correct orientation in developing material civilization. Building socialist spiritual civilization means to successfully conduct cultural and ideological construction under the guidance of communist ideology, and to develop the undertakings of the sciences, education, and culture so as to upgrade the people's knowledge standard. Efforts should be made to educate the entire people by taking Marxist world outlook and scientific theories as teaching materials so as to block the corrosive bourgeois influence and to enable more and more social members to become laborers full of ideals, morality, cultural knowledge, and a sense of disciplines.

We must place the development of science and technology on a important position. The key to achieving the four modernizations lies in modernizing science and technology. Without developing science and technology at a high speed, it is



impossible to develop the national economy at a high speed. Modern science and technology are experiencing a revolution. Deepgoing changes and a new leap have emerged in each field of science and technology. The scale and speed of applying natural science in production are unprecedentedly large and quick.

This has shown that meeting the need of the program to achieve the four modernizations and the world's trend to develop science and technology have urged us to exert all-out efforts to develop the undertakings of science and technology. The broad masses of party members, particularly leading cadres at all levels, must clearly discern the situation, resolutely overcome the erroneous thinking of underestimating science and technology, firmly foster an idea of making the economy flourish by relying on science and technology, and must push forward, in a down-to-earth manner, the scientific and technological work throughout the municipality. The municipal level scientific research institutes should step up their self-consolidation and self-building. In line with the principles of the municipal economic construction, they should pay attention to the theoretical research of applied science by taking the research of application and exploration as a main task. The municipal level scientific research institutes should define theory research courses in line with the technical renovation task imposed on old enterprises and in line with the items closely related to the economic development of Tianjin. They should study and map out the policy of encouraging the development of science and technology and should organize and popularize a coordinated process between production and research by adopting the ways of accepting research entrustment and cooperation and of making over research results so as to accelerate the integration between production and research, and to enable their research results to be applied as soon as possible by production units and to become practical production forces. Only by relying on the advanced science and technology can we upgrade our productivity on a large scale. The current issue of developing science and technology, which is urgently needed to be dealt with, is to conduct unified personnel management and to rationally employ existing scientific and technological experts. The point we have to particularly stress is to sum up and popularize the experience gained in the work to reorganize the scientific and technological forces of the five fields to carry out technical import and renovations, and is to further break the bond among various departments in an effort to better organize the municipal existing scientific and technological forces to place them on tackling the items of technical difficulties. The practice we had experienced over the past several years has shown that by integrating the higher educational institutions and the scientific research units with production enterprises, we can bring their power into full play. Such a method not only can be adopted in applying natural science, but also can be adopted in social science. In building socialism that reflects the Chinese characteristics, it is also necessary for us to foster a close coordination among social scientific workers, educational workers, and workers currently engaging in tasks so as to earnestly explore many new questions that we are facing.

We must pay great attention to education undertakings. Education is the intellectual foundation and precondition of economic construction. In developing education undertakings, it is imperative to foster a fundamental guiding ideology in which education should be suitable to the need of economic construction and social development and should be geared to the program of modernizations,

to the world trend, to the future target, and to upgrading the scientific and cultural standard of the entire people. Schools of various categories at all levels should implement the party's education guideline and should lay the task of upholding the correct political orientation on the first place so as to enable students to achieve all-round development morally, intellectually, and physically. In line with the municipal [word indistinct] situation, it is necessary to readjust education structure, to improve education system, to transform the contents of teaching materials, and to reform teaching methods. Higher education should tap its latent power of administration, accelerate its development, gradually readjust its existing specialized courses, and should actively increase the newly-developed specialized courses that the municipality does not have yet. It is necessary to realistically do a good job in grasping the basic education among middle and elementary schools, to continuously develop or improve secondary vocational and technical education in both urban and rural areas, and to gradually establish a secondary education system in which both general education and vocational and technical education are developed parallel. Efforts should be made to develop preschool education and nursery facilities. It is necessary to fully utilize the means of radio and television broadcast, correspondence schools, publishing teaching periodicals, and spare-time college-level classes to continuously enhance or develop education among staff members, workers, and peasants and to encourage them to become talents by self-education. While doing a good job in holding training classes of all staff members and workers, it is necessary to organize in a planned manner the leading cadres, cadres in charge or managerial affairs, and technical personnel among various enterprises to attend the rotation training classes. Schools of various categories at all levels, particularly middle and elementary schools, should exert efforts to upgrade their education quality. While doing a good job in operating key schools, attention should be also paid to upgrading the quality of general schools on a large scale. The key to upgrading education quality lies in strengthening the party's leadership over the education work and in doing a good job in assigning suitable personnel to the leading bodies of schools of various categories at all levels. Meanwhile, it is imperative to continuously upgrade the standard of teachers, to do a good job in operating teacher's colleges and secondary teacher's schools, and to organize in a planned manner existing teachers to attend training classes by stages and in groups so as to enable them to continuously renew their knowledge and to teach their students by using modern scientific and cultural materials. Efforts should be made to adopt measures for operating schools at various levels and in various specifications and styles, and to encourage and support enterprises, communities and individuals to open schools by raising funds themselves.

We must promote the prosperity and development of various cultural undertakings including literature, arts, press, publication, radio broadcast, television, public health, sports, libraries, and museums. In cultural undertakings, we should persistently educate the people in patriotism and communism, strive to improve the quality of spiritual products, create and transmit more and better spiritual food which the people love to see and hear, and carry out various cultural and recreational activities that suit the needs of the masses so as to enrich the cultural life of the people. In medical and health undertakings, we must continue to implement the principle of gearing to the needs of the

masses, stressing prevention and combining Chinese medicines with Western medicines, to conduct mass patriotic public health activities, to strengthen education of professional ethics among doctors, and to improve the quality of medical and health work. Efforts must also be made to vigorously develop physical health and sports undertakings, to extensively conduct mass sports activities, to improve the physical health of the people, and to raise the level of our municipality's sports activities.

We must actively conduct education on Marxism-Leninism-Mao Zedong Thought in a systematic way. The political theoretical study of party-member cadres at and above the county and regimental level should be in line with the CPC Central Committee's documents on party rectification. At present and in the future, they must study the relevant central documents well with an emphasis on studying "The Selected Works of Deng Xiaoping," and selected documents since the third plenary session, and fully understanding the series of theories, principles, and fundamental policies defined by the party Central Committee, which include unswervingly shifting the work emphasis of the party and the state to socialist modernization construction with a focus on economic construction; class struggle is no more the main contradiction in Chinese society, but it will protractedly exist to a certain extent. Therefore, we must oppose the viewpoint that class struggle has died out; proceeding from the present modernization construction to build socialism with Chinese characteristics; reforming the economic and political systems in a guided and step-by-step manner, and striving to improve our country's socialist system; developing the national economy within our abilities and achieving the goal of economic modernization step-by-step and stage-by-stage; stressing the protracted coexistence of various economic sectors under the premise of persisting in the absolute predominant role of public ownership of means of production; implementing the principle of letting the planned economy play a dominant role and market regulations play a supplementary role; adhering to the principle of opening to the outside world and enlivening the domestic economy on the one hand, and resolutely dealing blows to serious criminal activities in the economic, political, and cultural spheres on the other hand; actively developing socialist democracy and the legal system to effect systematization and legalization in a democratic manner; striving to build socialist spiritual civilization while building socialist material civilization; striving to make the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent; and strengthening and improving the party's leadership. Through study, we will unify our thinking, understanding, and political acts.

In the course of study, we must closely link the reality of our thinking with that of our work, conscientiously review our work progress in the past few years, and clearly distinguish between right and wrong, so as to deepen our understanding of the line, principles, and policies of the party in the new period, and to conscientiously maintain ideological and political unity with the party Central Committee. We must systematically conduct political and theoretical training courses for cadres, staff members, and workers at all levels in a planned manner and in accordance with the relevant stipulations of the party Central Committee and the municipal CPC committee. Cadres of various categories and at various levels must conscientiously study four courses including Marxist philosophy, political economy, scientific socialism,



and the revolutionary history of China, and strive to master the basic Marxist viewpoint. With regard to young staff members and workers, under 35 years old we may use the general knowledge book for the working class which was jointly compiled by the Propaganda Department of the CPC Central Committee and the All-China Federation of Trade Unions as the teaching materials to train them rotationally and they must be released from work for study. The training work must be completed in 2 to 3 years. Party committees at all levels and various party schools, cadre school, junior and senior middle schools, colleges, and institutions offering refresher courses must do a solid work in the training program and must act in accordance with the task assigned to them.

We must attend to everyday ideological and political education as an important link. We must conduct education patriotism, collectivism, socialism and communism among the broad masses of party members and the people in line with the domestic and foreign situations and with the party's central tasks and our own jobs; strengthen education on being master of the state, on the status, role, and the historical missions of the working class and on the revolutionary traditions among workers, especially young workers, after they have completed their production and political tasks; and strengthen propaganda on the current situation and conduct propaganda and agitation. We must purposefully and persuasively conduct ideological education, combine universal education with individual ideological work, and closely follow reality while answering new questions which crop [up] in practical life. For instance, we must integrate the ideological reality of party members and the masses and hold all kinds of lively educational activities to explain to the people that the four basic principles are essential to building, founding, and running the country, that without the communist party there would be no new China, and that the socialist system is superior to the capitalist system so as to enable the people to have a firm conviction in these fundamental issues. We must imbue all forms of activities with education, continue to launch "five-stress, four-beauty, three-ardent-love" activities, popularize the experience of army men and civilians joining hands to build civilized streets and villages, carry out activities on creating "families excelling in the five goods," continue to promote the spirit of doing pioneer work painstakingly, and actively commend advanced collectives and individuals who are outstanding in building socialist spiritual civilization. All staff members and workers of enterprises and establishments across the municipality must have one or two political study activities after working hours every week. The rural areas must resume and must integrate the study of culture and science and technology with that of politics.

We must consider the opposition of spiritual pollution as a pressing task on the ideological front. Building socialist spiritual civilization is not an easy matter, because it involves not only a protracted and arduous struggle of thoroughly eliminating the decadent bourgeois ideology and the vestiges of feudal ideology. Under the situation in which we have persisted in implementing the policy of opening to the outside world, the Western bourgeois ideology will not be able to avoid taking this opportunity to infiltrate into our country. Therefore, it will be more necessary for us to persistently attend to this protracted task and to oppose spiritual pollution in the course of the four modernizations' construction. Only by so doing can we adhere to the socialist

orientation and maintain good social habits and a good spiritual outlook while we continue to develop the national economy. Comrade Deng Xiaoping has earnestly advanced the question of opposing spiritual pollution for the whole party at the second plenary session. The essence of spiritual pollution includes spreading various decadent, moribund, capitalist ideology and the ideology of the exploiting class and the sentiments of opposing socialist and communist undertakings and of not trusting the leadership of the communist party. If we allow it to spread unchecked, it will harm the country and the people. We must fully understand the seriousness of the current problem on the ideological front and the pressing needs of conscientiously changing the weak and lax state of leadership on the ideological front, act resolutely in accordance with the plans made by the central authorities, hold aloft the Marxist and communist banners, and attend to the struggle to oppose spiritual pollution. Activities on eliminating spiritual pollution should be conducted mainly among party-member cadres in the theoretical, literary, and art circles and problems in this field should be solved through meticulous ideological and political work and criticism and self-criticism. At present, we must attach primary importance to studying so as to enhance our understanding and to unify our thinking. While studying documents on party rectification, we must continue to study the important speeches by Comrades Deng Xiaoping and Chen Yun at the second plenary session, completely and accurately understand the essence of the speech guidelines, and assure the orientation and the policy limit set for the struggle to oppose spiritual pollution. Attention should be paid to distinguishing between the mistakes which comrades inside the party have made in their ideology, understanding, and theoretical viewpoint and the counterrevolutionary instigations staged by some hostile elements and illegal organizations by spreading spiritual pollution, and the criminal activities of manufacturing, smuggling, selling, and spreading obscene books and pictures and pornographic video tapes.

The former is a problem of understanding and should be criticized and educated. The latter is a problem of law violation and should be confiscated and punished with resolute measures. We should be careful not to call works which are basically good but have some shortcomings spiritual pollution, nor to regard the masses' proper expenses aiming at beautifying their lives as spiritual pollution. The slogan of eliminating spiritual pollution will not be advocated in rural areas. Neither will the work to oppose spiritual pollution be conducted in natural science and technical fields. It should be made clear that the purpose of the current drive to eliminate spiritual pollution is to ensure that our causes develop along the socialist orientation, to uphold Marxism-Leninism-Mao Zedong Thought, and to make the entire socialist scientific and cultural undertakings flourish more. Every party member and every comrade on the ideological front should take the initiative in upholding the four basic principles, continue to implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," seriously study Marxism-Leninism-Mao Zedong Thought, strive to remold his world outlook, heighten spirit, and do solid work. Theoretical workers should carry forward the study style of integrating theory with practice, conscientiously study and master the basic viewpoints of Marxism, go to the realities of life to conduct investigations and research, diligently explore the new questions raised in the course of socialist modernization, study foreign ideas and culture with a scientific

approach, and absorb anything beneficial to us. Literary and art workers should go to the forefront of industrial and agricultural production, go to the thick of the practice of the struggle of the masses to create a new life and, taking the Marxist world outlook and art concept as a guide, strive to create more works of higher political and art levels and works which warmly praise the revolutionary history of the party and the people and the heroic achievements scored in the four modernizations. All comrades of the ideological front should be examples in building socialist spiritual civilization, mold the people's souls with their own noble spirit and moral values, and encourage the people to work diligently and make progress with healthy works, performances and teaching.

It is necessary to build mighty contingents of Marxist theoretical workers, literary and art workers and ideological and political workers who have combat strength. We should organize the existing contingents and adopt various measures to enable them to plunge into the struggle to oppose bourgeois liberalism and to promote theoretical research, literary and art creation, and ideological education. We should seek competent persons in the course of the struggle so as to replenish and expand the contingents. It is imperative to restore the lecturers' groups, establish and improve the propagandist and the reporters systems, train backbone mass ideological and political workers who work vigorously at the forefront, and organizationally strengthen the party's ideological work departments at all levels. Ideological and political work is a science, a glorious and noble work. All comrades engaged in the work should understand their heavy responsibilities, firmly trust communism and Marxism-Leninism-Mao Zedong Thought, study the characteristics of the ideological and political work in the new period, perform their work in a creative manner, and make contributions to the building of the socialist spiritual civilization.

It is necessary to continue to strengthen and improve party leadership over the work concerning intellectuals. As workers and peasants, intellectuals are a force we should rely on in building socialist modernization. A civilized atmosphere of respecting knowledge and competent persons should be created in and outside the party, and feasible steps should be taken to boost the intellectuals' enthusiasm for accomplishing the four modernizations and to give full play to their specialities. Middle-aged intellectuals in their 40's or 50's are the backbone forces of all fronts. We should show deep concern for the political progress, professional advanced study, and knowledge renewal of intellectuals, especially middle-aged intellectuals, gradually solve their problems in their work and lives, and protect their health so that they will contribute their forces to the people with a ease of mind and high spirit.

3) Adhere to the Four Basic Principles and Strengthen the Construction of Democracy and Legality.

Socialist material and spiritual civilizations should take as a guarantee and be supported by the continuous development of socialist democracy. Adhering to the four basic principles is the basic guiding ideology in strengthening

the construction of democracy and legality. We should continue building socialist democratic systems and democratic life; establish equality among the people under socialism and the correct relationship between the individual and society; and expand socialist democracy to the fields of political life, economic life, cultural life, and social life. We should further perfect the people's congress system and conscientiously safeguard the people's power. All enterprises should gradually perfect the system of staff and workers' congresses and strengthen democratic management. Development should be made in the masses' exercise of autonomy over grassroots social life. Efforts must be made to perfect and strengthen the urban neighborhood committee and rural people's committee and to arouse the masses of the people to administer their own public undertakings and public welfare undertakings. We should safeguard the proper liberty and rights of citizens and citizens should carry out their obligatory duties.

We should combine socialist democracy with legality so as to institutionalize and legalize the socialist democratic system. We should repeatedly conduct legality propaganda education among all the people. Primary schools at all levels should start to educate students on legality and strive to make every citizen know and abide by the law. Special efforts should be made to educate the large number of party members to take the lead in abiding by the constitution and the law.

As our nation has eliminated the exploiting class, class struggle is not the main contradiction in our society any longer. But various types of hostile elements deliberately commit sabotage and conduct the activities of overturning the socialist system in the economic, political, ideological and cultural, and social fields. Our nation's current stage of class struggle concentrates on the people's struggle against these hostile elements. This struggle will exist for a long time and to a certain extent in our society, and will possibly be intensified under certain conditions. We should continue to implement the guidelines of the directives of the central authority, persistently wage a struggle against criminal activities and never be slack and shaken in our work. We should comprehensively implement the principle of tackling problems in a comprehensive manner, strengthen the administration and transformation of as well as strictly deal blows to criminal offenders, mobilize the force of the entire society to strengthen education for youths and juveniles, educate and redeem the youths and juveniles who commit minor offences and fundamentally prevent and reduce criminal offences. We should continue to attend to the activity of dealing blows to serious criminals in the economic field, conscientiously consolidate public security and public order in the society, establish and perfect the system of taking the responsibility for safeguarding security. Political awareness should be upgraded and the struggle against the activity of concealing the enemy should be enhanced. We should further strengthen the construction of the ranks of public security and improve the quality and combating power of the public security ranks. Through the concerted efforts of the comrades of the entire party, we will strive to realize a fundamental turn for the better in social practice.

### 3. Make the Party Organization a Strong Leading Core For the Cause of Socialist Modernization



History told us if there is no communist party, there would be no new China. Today, our country will not be able to realize socialist modernization without the leadership of the communist party. Comrade Deng Xiaoping point out: The key to adhering to the four basic principles is to adhere to the leadership of the party. We will never shake this principle. At the same time, in order to adhere to the leadership of the party, we must strive to improve the leadership of the party and to restore and upgrade the combative power of the party. The recent 2nd plenary session of the 12th party congress approved the decisions on comprehensively rectifying the party, which is a great step for strengthening the construction of the party. From now on, we should concentrate all our efforts on our work, comprehensively strengthen party building, and make ranks of the party and party organizations across the entire municipality become stronger and powerful to be able to better bear the heavy responsibility entrusted by history for the four modernizations.

1) Carry Out Comprehensive Party Rectification in a Resolute and Effective Manner in Line with the CPC Central Committee's Decision on Party Rectification

Planned and step-by-step comprehensive party rectification is the central task for party building for the next 3 years and is also the key to fundamentally improving party style and enhancing the party's combat strength.

Our municipality has 440,000 party members and more than 27,000 party organizations at and above the grassroots level. Thanks to continuous rectification carried out since the 3rd plenary session of the 11th CPC Central Committee, the situation of the party has been greatly improved and the party's prestige is being restored and heightened. However, many serious problems still exist within the party. There is a certain number of unqualified party members. Being politically infirm, some party members doubt and shake the party's line and four basic principles and even resist and oppose them. Some lose their basic political responsibility and turn a blind eye to the erroneous ideological trend, detrimental to the party's cause, or even erroneous ideas. Totally forgetting the purpose of wholeheartedly serving the people, some abuse their power to seek personal gain, violate law and discipline and even commit crimes. Some do not strictly abide by discipline, have a weak sense of organization and fail to play their vanguard and exemplary role. Some indulge in liberalism to a serious extent, exchange flattery and favors, and pay attention to only saving others' face, not to truth. Some party-member leading cadres, whose revolutionary will is waning and who are seriously bureaucratic, have created a trend of passing the buck in doing the work they are responsible for. Their work efficiency is extremely low and some of them have created appalling waste and tremendous losses to the party and state because of their serious dereliction of duty in production and construction. Some party organizations are flabby and slack and some are even paralyzed, losing their ability to play the role of fighting bastions. As far as the whole municipality is concerned, the "three types of persons"--those who followed the counterrevolutionary cliques of Lin Biao and Jiang Qing and rose to prominence through rebellion, those who are seriously factional-minded, and smash-and-grabbers--have yet to be completely expelled. The serious impurities in ideology, workstyle, and organization must be resolutely and effectively rectified, otherwise our party will have



difficulty in fulfilling the historical task of leading socialist modernization. All communist party members throughout the municipality should deeply understand the necessity and urgency of the present party rectification and plunge into it with enthusiasm and an earnest attitude.

The CPC Central Committee has pointed out that the basic tasks for the present party rectification are the achievement of ideological unity, the rectification of the party's style of work, the strengthening of discipline and the purification of the party organization. Party organization at all levels should focus on these four fields to fulfill their party rectification tasks in an all-round manner. Through party rectification, we should correct all "left and rightist erroneous tendencies that violate the four basic principles and the party line adopted since the 3rd plenum of the 11th CPC Central Committee and further achieve a high degree of ideological and political unity in the whole party. We should correct all acts of seeking personal gain by abusing one's power, oppose the bureaucracy of being irresponsible to the party and the people, and further carry forward the revolutionary spirit of serving the people wholeheartedly. We should also oppose the patriarchal system factionalism, anarchism and liberalism, which show no respect to organization and discipline; change the flabbiness and slackness of party organization; further strengthen discipline; take the initiative in adhering to the organizational principle of democratic centralism; and resolutely sort out the elements who oppose and endanger the party and expel them from the party so as to make party organizations more pure.

According to the requirements of the CPC Central Committee, our municipality's preparing to complete party rectification work in two stages. In the first stage, which is 1 year long, party organizations of the organs at and above the urban district and bureau levels will be rectified in turn. In the second stage, which is 2 years long, all other party organizations will be rectified in turn. As the tasks for the present party rectification is very arduous, party organizations at all levels and their principal leading comrades should earnestly shoulder their responsibilities; give meticulous guidance; comprehensively and accurately master the basic principles, tasks, policies, and methods for party rectification; develop democracy, encourage the free airing of views; modestly heed the opinions of grassroots party members and nonparty people; and apply, in a creative manner, the CPC Central Committee's "decision" on party rectification work in its entirety.

Party rectification work should persistently proceed from reality. Different priorities should be given to different units and persons. On the basis of deep investigations and studies and conscientiously knowing the truth, party committees at all levels should define key problems which their departments and units should solve in the course of party rectification. We should prevent and avoid key contradictions and giving vague, general directions. The departments on the theoretical, literary and art fronts should take the elimination of spiritual pollution as a key to party rectification.

In this party rectification, we should prevent the trend of making a show. Each step for party rectification should center on solving problems in down-to-earth and real manners. First of all, the study of the documents on party

rectification cannot be made a show. We should attach prime importance to organizing party members to conscientiously study the party rectification documents formulated by the central authority and make the study run through the party rectification work from beginning to the end. Through study, all party members should upgrade their understanding of the great significance of this party rectification; of the spirit, program, and tasks of the party; of the standards for party members; and of the party's line, principle, and policy set forth since the 3rd plenary session of the 11th party Central Committee and really achieve a remarkable upgrading of the ideological level of the whole party so that the whole party will be based on a high-degree of awareness in conducting this party rectification work.

Secondly, we cannot perfunctorily conduct criticism and self-criticism. The experience of the pilot party rectification units in our municipality proved that the goal of party rectification will not be attained if we do not conscientiously conduct criticism and self-criticism. Therefore, every party member should consciously and conscientiously conduct self-criticism and may not be allowed to avoid criticizing shortcomings and mistakes. Party members should frankly, sincerely, seriously, and earnestly criticize and help comrades, about never being allowed to give up principles or cover up contradictions. Through correct criticism and self-criticism, the main problems will be fully exposed and rationally solved. Efforts should be made to make all party members know the difference between truth and falsity and deeply understand wrong ideas and wrong tendencies. Party members who commit various types of mistakes should be ideologically moved and have decisions and actions to correct their mistakes.

Third, organizational measures cannot be made a show. At present, a group of the "three types of persons" is concealed in our party. They ambitiously have political power and we must resolutely eliminate them in the process of party rectification. Otherwise, we will leave a bane, and that will become a time bomb. In principle we should dismiss the "three types of persons" from the party except when they repent of their errors after the proof of a long-term test. The party organizations which have completed the consolidation work must attain the five standards for the acceptance tests set forth by the central authority. Strict organizational measures must be taken against the "three types of persons" and the elements who damaged and opposed the party. This is one of the most important signs of not conducting the party rectification work perfunctorily. Another important sign of not conducting party rectification work perfunctorily is that through education, the large number of party members will strengthen their party spirit, serve the people wholeheartedly, resolutely correct the wrong tendency of taking advantage of position to seek personal benefit and being divorced from the masses, and realize a fundamental turn for the better in party's workstyle. Through party rectification, those who fail to attain the five standards for the acceptance tests should resolutely take remedial measures. Primary responsible persons and higher-level party committees of those party organizations that conduct party rectification work perfunctorily should assume their responsibility and must conduct reconsolidation work.

While preventing making a show, we must pay attention to preventing previous wrong means of ruthless struggle and merciless blows. Under any situation, we must not treat party members with the means beyond party's discipline and in violation of the state law. While taking organizational measures and party member registration, we should strictly implement the relevant principles of the central authority.

As for comrades who have erred, we should implement the principle of "learning from past mistakes to avoid future ones and curing the sickness to save the patient" and do more work to educate them through persuasion. When disciplinary action is taken against party members, we should make sure that facts are clarified, evidence is conclusive, the nature of the cases is accurately determined, and the punishment is proper. We should be resolute in sorting out and expelling the "three types of persons." However, we should be serious and prudent when deciding whether someone is of the "three types of persons." When expelling the "three types of persons," we should not eliminate those who belonged to the opposite groups during the "Great Cultural Revolution," and leave those who belonged to the groups we supported intact. We should historically analyze party members' conduct during the "Great Cultural Revolution," and refrain from regarding comrades who committed ordinary mistakes under the historical conditions of that time as "three types of persons." When there is an argument, it is necessary to report it to the party committees at higher levels for discussion and decision.

During party rectification, we must place much emphasis on party discipline. It will never be permitted to fan factionalism and create trouble, to establish secret ties and form gangs and to take the opportunity to frame and attack good people. Those violating this rule will be strictly punished when their cases are cleared up. In the meantime, we should make sure that party members' rights are not encroached upon. No one is permitted to suppress criticism, still less to incriminate those who criticize and take organizational methods or other measures to retaliate against them.

Party committees at all levels should properly handle the relationship between party rectification and other work. Leading persons should divide their work rationally and make overall plans to guarantee that neither party rectification nor production and other work is delayed. For this reason, at the units scheduled for party rectification, some comrades of the leading bodies should take charge of party rectification, while others take charge of production and routine work. Through party rectification, the stable and united political situation should be consolidated, the economic construction developed and other work in various fields substantially improved.

In the last period of party rectification, all units should proceed from their reality to formulate plans for comprehensively strengthening party building, strive to consolidate and develop the achievements in party rectification, and continue to promote party building. During and after party rectification, we should successfully expand party organizations and recruit, in a timely manner, advanced elements who meet the requirements for party members. At present, particular attention should be paid to recruiting fine staff and workers and

peasants who work in the forefront of production, intensify the work to recruit party members from among intellectuals and students of schools of higher learning and secondary vocational schools, and attach importance to recruiting women party members. The problems in party member distribution and structure should be gradually solved. Party grassroots organizations should be strengthened so that they can play their role as fighting bastions among social grassroots organizations.

Our municipality's first stage party rectification has started. Party rectification at municipal organs has an important bearing. During the present party rectification, from higher levels downwards, leading persons should take the lead. Standing committee members of the municipal CPC committee and leading bodies of the units scheduled for rectification in the first stage should also take the lead in party rectification. We should be determined to win a comprehensive victory in the first stage. The draft plans for first stage party rectification will be submitted to the new municipal CPC committee for discussion and approval. Units scheduled for rectification in the second stage should not wait and see. From now on, all party organizations should organize party members to seriously study the party rectification documents designated by the CPC Central Committee; adhere to the principle of studying, discussing, and making correction simultaneously; and solve, in a timely manner, problems about which the masses have a lot of complaints, problems which affect the relations between the party and the masses, and problems in our work which need urgent solution. These problems should not be postponed until party rectification begins. However, we should not hurriedly solve the problems concerning the organizational measures toward party members to be taken during party rectification and the problems which have not been clarified for the time being in the period during which the major task is to study.

2) Implement the Principle of Ensuring that the Ranks of the Cadres Become More Revolutionary, Younger in Average Age, Better Educated, and More Professionally Competent; Implement the Directives of Building the Third Echelon, Set Forth By the Central Authority; and Continue Strengthening the Construction of Leading Bodies At All Levels and the Ranks of Cadres

Our municipality has made remarkable achievements in readjusting leading bodies, but the newly readjusted leading bodies' leadership experience and educational level are not suitable for the modernizations. We have just begun the second stage of organizational reform work, such as the improvement of workstyle, the establishment of a responsibility system, the conquest of bureaucracy, and the raising of work efficiency. Leading bodies at all levels are bearing heavy burdens, so we must take the revolutionary spirit to continue conducting the construction of the "four requirements" for cadres. At present, we should seriously set forth that, by the convening of the next party congress in 1988, leading bodies of the departments at all levels across the municipality must basically realize the "four requirements" for cadres. Those who enter leading bodies must have the six basic conditions for leading cadres that are set forth in the party constitution. In the course of party rectification, resolutely eliminating the "three types of persons" is only half of our work. The other half, which is more important, is that we must educate to promote



real Marxism in thousands and thousands of young cadres in their thirties and forties and elevate them to leading posts at all levels of the party and the state. The municipal CPC committee and party committees at all levels should establish and perfect the regular cadres and reserve cadres system and strive to build the "third echelon" well.

Veteran cadres are a precious wealth of the party. They made tremendous contributions to the causes of liberation and construction and performed immortal feats for the motherland. They accumulated rich knowledge and experience during the long struggle. Although they cannot persistently continue their front-line work because of their ages, they are still an important force for our socialist modernization. All veteran comrades are urged to continue carrying forward the revolutionary tradition and to continue making contributions to making the party's undertakings flourish. Party organizations at all levels should bring the roles of veteran cadres into play, enthusiastically show concern about their work and life and form the good social practice of respecting the old and the persons with merit.

After organizational reform, leading bodies at all levels should attend to self-construction in a timely manner. While strengthening democratic centralism, leading bodies should conscientiously correct workstyle and vigorously advocate the practice of reading books and studying. Some 500 middle and young cadres have assumed leading posts at and above district, county and bureau levels in this readjustment work. These comrades have higher cultural and educational levels. This is their strong point. However, not a few comrades lack an understanding of basic Marxist theory and lack practical experience. This is their weak point. Therefore, leading bodies at all levels should make great efforts to study basic Marxist theory. Only by conscientiously reading books and painstakingly studying can they assume the historical heavy tasks and certainly live up to the heavy trusts of the broad masses of the people. Leading comrades at all levels across the municipality should act according to the demands by Comrade Hu Yaobang, spend time in reading books, and gradually make themselves become the ones with mature, theoretical and practical Marxism.

We should vigorously advocate the practice of investigations and studies. Investigations and studies are the specific application of Marxist ideological lines in practical work, the basis for correctly implementing the party's lines, principles, and policies, and a scientific method for understanding and transforming the world. Investigations and studies must concentrate on the great problems in the "four requirements" for cadres and on the practical problems that exist in the units. We should take the basic theory of Marxism as guidance, widely listen to the opinions of the masses and the specialists in all fields, obtain ample data, discard the dross and select the essential, discard the false and absorb the truth, conduct studies and discussions by viewing all sides of affairs, and strive to attend to the essence of affairs. In the future, all leading members of the party committees, from the municipal CPC committees to the CPC committees of various districts, counties, and bureaus, must devote a certain period of time every year to conducting thorough and systematic investigations and research in a planned, purposeful manner, strive to



get a clear picture of the basic situations in their own localities, departments, and in their assigned work for the next 2 to 3 years, keep abreast of the changes of law, and must set forth suggestions and methods for solving problems.

The creative spirit of plain living and hard struggle must be actively promoted. Comrade Mao Zedong once said that man must have some vitality. In the protracted revolutionary struggle, our party has fostered the spirit of strictly observing discipline and making self-sacrifices, of working selflessly and putting other people's interest ahead of one's own, of crushing every enemy and all difficulties, and of adhering to revolutionary optimism and surmounting every difficulty to win victory. The leading bodies at all levels in our municipality must make themselves more revolutionary, and inherit and promote the above spirits under the guidance of a correct political orientation. In the course of creating a new situation in socialist modernization construction, we must be diligent in and good at thinking things over and must not be ideologically sluggardly in their own work posts. They must do solid work, work hard, and must not indulge in empty talk. They must face up to and analyze difficulties, dare to struggle against hardships, be honest in performing official duties, wholeheartedly serve the people, and must not seek private gains. We must fully understand that our country has a vast territory, big population, and poor foundations and that we must shoulder heavy responsibilities in the course of realizing the four modernizations. Leading bodies at all levels must earnestly practice what they advocate, actively promote it, and enable the party's fine tradition of plain living and hard work to become the mental outlook and combat style of all party members and the broad masses of cadres.

### 3) Further Strengthen the Party's Discipline Inspection Work in Accordance With the Stipulations of the Party Constitution

Restoring and reestablishing the party's discipline inspection organs and strengthening the party's discipline inspection work is an important component for creating a new situation in the party's work since the 3rd plenary session of the 11th CPC Central Committee. Comrade Chen Yun has pointed out that "the party style of the ruling class is a matter of life and death of the party." During the new historical period, the party's discipline inspection work must be shifted from mainly concentrating energy on investigation and handling party members' criminal offenses to stressing the party style of the ruling class.

The party's discipline inspection organs at all levels must do their work well in accordance with the stipulations defined in the party constitution. Our present and future tasks will be: First, actively participate in party rectification work, supervise and investigate the implementation of the central decision on party rectification, resolutely struggle against, investigate, and handle all acts in violation of the party discipline such as practicing factionalism, suppressing democracy, engaging in retaliation, and making false charges against others so as to guarantee smooth progress in party rectification; second, investigate the implementation of the party's line, principles,

policies and resolutions, safeguard the party's political discipline, and ensure that the party organizations at all levels across the municipality will maintain political unity with the party Central Committee; third, continue to attend to the struggle against serious criminal offenses in the economic sphere and make special efforts to deal blows to serious and appalling cases; fourth, strictly check the evil trends that harm the interests of the state and the people.

Efforts must be made to establish and improve the discipline inspection organs and strengthen the building of discipline inspection cadre ranks. Discipline inspection cadres of the party should adhere to principles, dare to struggle, be honest in performing official duties, not be swayed by personal considerations, have certain knowledge of Marxist theory, know the party's line, principles, and policies well, and have necessary cultural, scientific, and professional knowledge. Cadres who cannot meet the requirements must be trained in a planned and step-by-step manner. Those who are not suitable for discipline inspection work must be readjusted.

#### 4) Strengthen the Party's Work Among the Masses and Maintain Close Ties Between the Party and the Masses

Our party is a party that represents the people and seeks benefits for the people. Maintaining close ties with the masses and persisting in following the mass line is the glorious tradition of the party. The most essential content of the party's leadership over the life of the country is to organize and support the people to become masters of the country and to build a socialist new life with joint efforts. Therefore, in doing all our work, we must persist in unswervingly relying on the masses, believing in them, absorbing their wisdom, respecting their creative spirit and voluntarily accepting supervision from them.

The mass organizations, including the trade unions, the communist youth leagues, the women's federations, the scientific and technological associations, the federations of social sciences societies, the federations of literary and art circles, the federations of returned Overseas Chinese, and the writers' associations, are links by which the party maintains close ties with the masses. We must actively and voluntarily carry out our work with our own efforts and in accordance with the line, principles, and policies of the party and must be responsible for it. We must resolutely safeguard the interests of the masses we represent and actively solve their immediate problems. Trade union organizations at all levels must strive to raise the ideological and political awareness and the scientific and cultural standards of the broad masses of staff and workers, mobilize and organize them to stand in the van of the campaign to raise economic results and improve social habits, allow the working class to play its role as the main force in the building of the two civilizations, and give full rein to the role of old workers as backbone cadres. The CYL's are the party's assistants and reserve forces. CYL organizations at all levels must carry out their work in a lively and creative manner and in accordance with the characteristics and needs of the youth. We must protect, respect, and give full play to the enterprising spirit of the broad masses of the youth and

guide them to study communism in the practice of the four modernizations and in various activities. In the course of party rectification, efforts must be made to organize party members to earnestly study documents so as to enhance their combat strength. Women's federations at all levels must mobilize and guide the women of various nationalities and circles across the municipality to foster ideals and ambitions, to acquire cultural knowledge, to observe discipline, and to give full play to their initiative and creativeness in building the two civilizations. In addition, we must build the women's federations into authoritative mass organizations that represent the interests of women and protect and educate women and children. Party committees at all levels must exercise effective leadership over the mass organizations at all levels and must ensure that these organs and organizations will vigorously and coordinately carry out their work.

Irrespective of whether we are in the democratic revolutionary period or in the period of socialist construction, the united front remains our party's magic weapon. We must further develop and broaden the patriotic united front in accordance with the principle of "long-term coexistence and mutual supervision," and the principle of "treating each other with sincerity and sharing weal or woe." It is imperative to give full play to the role of the city, district, and county CPPCC committees to really respect the political freedom, the organizational independence, and the legal equality within the right and duty limits of various democratic parties, which the constitution has given them. Party-member cadres must be good at cooperating with nonparty personages, respect them, study their strong points, create all necessary conditions for them, and enable them to better serve the four modernizations. We must comprehensively implement the party's various united front work policies, firmly carry out the policy on checking and confiscating illegal materials and possessions, mobilize and unite with the people of various nationalities and with all patriotic forces in the municipality, and make concerted efforts in fulfilling all tasks in the new period.

The PLA is a great wall of steel guarding our country and an important force in building socialist material and spiritual civilizations. It has made brilliant contributions to supporting our city construction and maintaining public security. Continued efforts must be made to strengthen unity between the army and the government and between the army and the people, actively support the modernization construction of the people's army, upgrade militia work in the new period, and deepen the activities supporting the army and giving preferential treatment to the families of servicemen.

The unity of the party is the party's life and a basic guarantee for winning victories in revolution and construction. At present, we are in an important period in which there will be cooperation of old and new cadres and succession from the old to the new. The attainment of unity in the whole party and between old and new cadres is of great significance. Under the great banner of Marxism-Leninism-Mao Zedong Thought, and on the basis of the party's line and principles, we will surely strengthen and achieve great unity in the whole party and among all the people in the municipality, and will further consolidate and develop a political situation of stability and unity in our municipality.

Fellow comrades, the epoch has entrusted us with the heavy historical task of building Tianjin into a socialist municipality, and the people across the municipality have placed ardent hopes on us. Under the guidance of the party Central Committee, let us unify and mobilize the broad masses of people, work with one heart and one soul, enhance our spirit, guard against arrogance and rashness, do pioneering work painstakingly, and strive to create a new situation in all fields of socialist modernization in our municipality.

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## ECONOMIC PLANNING

### SHANGHAI PLANS 1984 INDUSTRIAL OUTPUT INCREASE

OW141412 Beijing XINHUA in English 1322 GMT 14 Jan 84

[Text] Shanghai, 14 Jan (XINHUA)--Shanghai will strive for another four or five percent rise in its gross industrial output value this year over last year, Mayor Wang Daohan said at a meeting on Thursday.

According to preliminary statistics, Shanghai's gross industrial output value in 1983 came to over 67.8 billion yuan, 6.5 percent more than 1982.

The mayor also called for greater efficiency and higher product quality in the new year.

Priority will be given production of goods badly needed in national construction and on the markets, and stress will be laid on developing new products, improving management and reducing energy consumption. Computers will be introduced more and more in managerial operations, Wang said.

Stressing the importance of science and technology, he said that ties should be strengthened between scientific and economic work and between research institutes and enterprises.

Meanwhile, the Shanghai Municipal Economic Commission has worked out this year's targets for the technical transformation of existing enterprises. The targets include upgrading 500 products, of which 200 are set to meet world standards this year; trial producing 500 new key products, of which 50 are required to reach world standards; and putting 500 new key products into serial production.

The city plans to import over 600 pieces of technology from abroad and carry out over 340 technical transformations to meet the targets.

Last year, 76 new products from Shanghai won state gold and silver medals. Energy consumption went down by 4.1 percent.

CSO: 4020/058

## ECONOMIC PLANNING

### IRON, STEEL INDUSTRY DEVELOPMENT OUTLINED

OW061508 Beijing XINHUA in English 1323 GMT 6 Jan 84

[Text] Shijiazhuang, 6 Jan (XINHUA)--China will in 1984 continue upgrading its iron and steel industry by improving the quality and increasing the variety of products while reducing the consumption of fuel and materials.

Speaking at a work conference on metallurgical industry at Beidaihe, Hebei Province today, Li Dongye foresaw continued increases in 1984 in China's steel output. In 1983, the country produced 39.93 million tons of steel, ranking fourth in the world, after the Soviet Union, Japan and the United States and followed the Federal Republic of Germany.

Construction of three major iron and steel projects will be accelerated in 1984, including Baoshan Iron and Steel Company in Shanghai.

The industry is expected to contribute to the state revenue 9.5 billion yuan in profit and taxes, up five percent over 1983, Minister Li Dongye of Metallurgical Industry said.

A top priority capital construction project, Baoshan is expected to eventually produce six million tons of iron and six million tons of steel a year. It will be producing three million tons of iron, 3.12 million tons of steel and 500,000 tons of seamless steel tubes a year upon completion of its current first-phase construction scheduled for 1985.

Also underway in 1984 will be 29 major technical renovation projects, including those on Anshan and Baotou iron and steel companies. Anshan is China's biggest of its kind.

Work will continue in 1984 to revise the existing product norms according to international standards and advanced foreign standards, Li Dongye said.

China is producing oil pipes, steel plates for shipbuilding and cold-rolled silicon steel sheets in accordance with international standards, he noted.

CSO: 4020/058

## ECONOMIC PLANNING

### BRIEFS

ANSHAN DEVELOPMENT PLAN APPROVED--Beijing, 11 Jan (XINHUA)--Pollution control is the focus of a plan approved by the State Council for the development of Anshan, China's biggest iron and steel center. The Anshan iron and steel complex in 1983 furnished about one-sixth of China's steel output of 39 million tons. In a note approving the plan, the State Council urged the city to concentrate at present on treating smoke and soot pollution and water contaminated by what is known to experts as "tailings"--waste or refuse left in the process of mining. The city was also asked to intensify its efforts to make multipurpose utilization of slag. New housing estates would be built and existing ones renovated. Commuter trains and other transit facilities linking the steel complex with the residential districts would be improved. Tree planting and control of population were also called for by the State Council. [Text] [OW120957 Beijing XINHUA in English 1323 GMT 11 Jan 84]

CSO: 4020/058

## AGGREGATE ECONOMIC DATA

### ALLOY STEEL PRODUCTION EXPANSION IN 1983

OW102036 Beijing XINHUA in English 1447 GMT 10 Jan 84

[Text] Shijiazhuang, 10 Jan (XINHUA)—China produced 4,634,500 tons of low-alloy steel in 1983, rising 15 percent from 1982 and outstripping the target of 4,500,000 tons set for 1985, the last year of its Sixth Five-Year Plan.

The nation's 1983 output of alloy steel was 2,600,000 tons, a 22-percent increase.

The corresponding rate of increase was 7.4 percent for steel and 5 percent for iron.

China's metallurgical industry is expected to produce 4,800,000 tons of low-alloy steel and 2,800,000 tons of alloy steel in 1984, a national conference on iron and steel industry now in session in Beidaihe, Hebei Province, reported.

In line with the national policy of economic readjustment, the focus of the industry is being shifted from conventional iron and steel to high-quality products badly needed in the country's economic construction and national defense, according to experts attending the conference.

China began in the early 1950's to produce low-alloy steel and alloy steel, which have high strength, are resistant to corrosion and can withstand ultra-low or ultra-high temperatures.

Now being produced are low-alloy steel and alloy steel in 720 specifications, which are used in developing items of strategic importance including man-made earth satellites, missiles, atomic reactors, integrated circuits, large-capacity power generating units and petroleum drilling facilities, as well as in shipbuilding and production of consumer items.

In two years from now, the meeting reported, the country will develop and put to use 50 new specifications. Work will continue to improve the quality of existing products as well.



In 1984, China will concentrate on developing 29 new products, including plates for oil drilling platforms and atmospheric corrosion resistant plates for railway wagons.

To achieve the immediate and future objectives, China will seek foreign technology to retool some of its 60 existing mills producing low-alloy and alloy steels in Beijing, Shanghai, Liaoning, Heilongjiang and several other provinces.

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## AGGREGATE ECONOMIC DATA

### CHINA DAILY COMMENTATOR REVIEWS PAST YEAR

HK030307 Beijing CHINA DAILY in English 3 Jan 84 p 4

["Opinion" column by CHINA DAILY commentator: "On the Right Track"]

[Text] China enters the New Year amid heartening reports of having reached production goals two years ahead of the time set in the 6th 5-year plan (1981-85).

The official year-end estimates show that in 1983 the gross value of both industrial and agricultural production reached the target set for 1985 in the state plan.

The plan fixes the growth rate at 4 to 5 percent a year, but agricultural production has actually grown at an annual rate of 7.1 percent, and industry 7.2 percent.

People are now even more confident than ever of attaining the ambitious goal of quadrupling annual gross industrial and agricultural output by the year 2000 as undertaken by the 12th National Congress of the Chinese Communist Party in September 1982.

#### Readjustment

The year 1983 was a year of continued economic readjustment, which yielded better-than-expected results: a bumper harvest, a rapid and more balanced industrial growth and, above all, a start on reversing the low economic efficiency in enterprises.

After successive good harvests, the year saw new records for all major crops despite unfavorable climatic conditions in China—the worst flooding since 1954, and prolonged drought, wind and hailstorms.

Grain output is expected to have increased 4.7 percent and cotton 11.16 percent. Production of sugar, meat, poultry, dairy and aquatic products was above the highest previous levels. As a result, the average income of rural households in 1983 is believed to have increased by 10 percent.

The excellent rural situation in China has been brought about by the general introduction of the household contract system of responsibility, which links peasants' income with their production. The system is working well and what it has achieved shows how structural reforms can stimulate productivity.

In industry, the year saw a relatively fast growth rate. The increase in industrial output value is estimated at 10 percent. A more reasonable balance has been reached between light and heavy industries, which was certainly not the case when the year began. The growth rate of light industry rose from 2.5 percent in the first quarter to 8.4 percent by the end of November, while that of heavy industry rose slightly from 11.7 percent to 13 percent.

Capital investment, which grew out of control in the first half of the year, has been reduced in order to guarantee funds, energy and materials for key projects, particularly the two weak links of the economy, energy and transportation.

But a tougher and more significant battle throughout the year was the demand for all industrial and commercial enterprises to raise their economic rate of return--to increase profits and taxes and reduce costs.

China had long had a hard nut to crack--the low economic efficiency in most enterprises in terms of profits and taxes handed over to the state, even when production was increasing rapidly. From 1979 to 1982, the total output value of agriculture and industry grew at an annual rate of 7.3 percent, but the average national revenue decreased by 1.9 percent each year.

#### Efficiency

In 1983, for the first time in many years, this was checked, and the gap between high growth rate and low economic rate of return was narrowed, especially in the latter part of the year. By October, almost half of the provinces and autonomous regions saw the growth of profits and taxes surpass the rate of increase in industrial output value.

The year 1983 has demonstrated that it is a correct policy to maintain a moderate growth rate but make all-out efforts to improve economic efficiency. Continued economic readjustment is the key if a solid foundation is to be laid for a real economic boom in the last decade of the century.

CSO: 4020/059

JINGJI GUANLI ON PRC DISTRIBUTION OF INDUSTRIES

HK231252 Beijing JINGJI GUANLI in Chinese No 12, 5 Dec 83 pp 12-15

[Article by Zhang Qicai [1728 0366 2088]: "Ideas On China's Bow-and-Arrow Style of Geographical Distribution of Industries"]

[Text] The geographical distribution of China's industries is an important strategic question in socialist economic construction. Over the last 30 years, there have been great successes in the geographical distribution of China's industries, and there have also been many mistakes and lessons learned. In theory, correct understanding of the valuable lessons and experiences of the question of the geographical distribution of industries in China is extremely significant, as is the search for a scientific distribution which corresponds even better to the situation in China and attempts to improve the overall economic results of China's industries.

1. The Scientific Basis for a Rational Geographical Distribution of Industries

A rational industrial distribution must be based on objective natural conditions and conditions reflecting the past accumulation of human labor so that man's subjective policy decisions may correspond as closely as possible to objective reality. Industrial productive forces depend on the existence and development of objective conditions, including conditions relating to natural resources, the material and technological foundation, and technological abilities, population and level of waste among workers, as well as geographical location and links with the world economy. Industrial distribution which respects the above objective conditions and takes them as its basis may be said to be a rational and scientific distribution of industries. Arbitrary subjective decisions will eventually lead to a denial of the objective laws of economic movement.

Industrial distribution must be based on specific objective conditions. This is a manifestation of materialist dialectics within economics. However, for many years, some popular beliefs concerning the geographical distribution of industries in China ran counter to this. This is the ideological source for the errors which have arisen in the geographical distribution of industries in China.



Of the popular beliefs the most influential was "the theory of balanced development." This so-called "balanced development" was in fact "equal development" and there was equal distribution of industrial productive forces everywhere. Some theorists even believed that this was the aim and direction of the distribution of socialist industrial productive forces and that here lay the fundamental difference between it and the distribution of capitalist productive forces. This is worth evaluating and considering. Engels pointed out that within one country, the limitations of natural resources meant that it was inevitable that industrial development should be unbalanced in different areas of the country. In a country as big as China, with a surface area of 9.6 million square kilometers, it is impossible and unnecessary to achieve a balance or evenness in the distribution of industrial productive forces. After the mid-1960's we implemented balanced development as the guiding principle for industrial distribution and we adopted such methods as biased investment, even organizing actual movement and displacement, pushing the industrial productive forces on an enormous scale towards the southwestern regions and one-sidedly stressing the need for even development of industrial productive forces in the east and the west. The effect was to stifle the growth of the productive forces along the coastal regions, while newly distributed productive forces far from their traditional industrial areas lost support in their new vacuum and were unable to develop fully into productive forces.

Another view held that since China was so rich in natural resources, new industrial productive forces could be located in any region. This belief appears on the surface to respect objective conditions but in fact it is an arbitrary theory of distribution. It is true that China is an enormous country rich in resources, and in the long-range view many regions do have the necessary conditions for the distribution and development of industrial production, but the more immediate limitations of funds and technology mean that we cannot open up and develop the natural resources of all regions simultaneously. One cannot grow fat with one mouthful of food. This is true for any country. We can only develop the various natural resources in a planned way and establish new productive forces in certain specific regions on the basis of the different political and economic tasks of each period in our history and on the basis of our present financial capacity, technological conditions, and consumer demands. This, then, is the "theory of key point distribution" which is the opposite of the "theory of balanced distribution." It is also the "theory of limited distribution" which is the opposite of the "theory of arbitrary distribution." Key point distribution has provided very good economic results in China. During the period of the First Five-Year Plan, industrial construction in China was carried out on the basis of quota key point distribution with concentrated forces developing Dongbei, Huabei, and certain areas of the center and south of the country with ample guarantees for finances, technology, materials, and a labor force. Construction cycles for industrial enterprises averaged 6.5 years and investment results were very clear. Later, our thoughts on distribution changed and we abandoned the successful experiences of key point distribution, taking balanced distribution as our aim. A great net was cast over the entire country and great efforts were made, especially in areas where before there had been no industrial foundation, while in the south and west hundreds

of millions of yuan were thrown into construction projects of industries which were thousands of kilometers from their traditional industrial regions. The result was that the construction cycle for industrial enterprises increased from 6.5 years during the period of the First Five-Year Plan to an average of 10 years during the Fourth Five-Year Plan, and then 13.5 years during the Fifth Five-Year Plan, with capital construction becoming more and more drawn out. Many construction projects could not be completed on time, and an enormous amount of "incomplete and troublesome projects" emerged, creating a huge burden for the national economy.

When examining the rationality behind industrial distribution, the final criterion for determining individual distribution, group distribution, or distribution throughout the entire country, is always economic results. The economic results of industrial distribution are macroscopic economic results. They fundamentally limit and control the microscopic economic results of the enterprises. They are the foundation for microscopic economic results. If industrial distribution is rational and is strict enterprise management, then enormous economic results are to be gained. If distribution is incorrect and if enterprises are located in unsuitable places, then enterprise management will come up against many insoluble problems and difficulties.

Today, enterprise management is not always that good and microscopic economic results have not been high. This has been noted. Capable and beneficial measures to change the situation have been implemented. However, the enormous influence that industrial distribution has on macroscopic economic results has until today still not received sufficient attention. In fact, for many years the poor macroscopic economic results which have arisen as a result of inappropriate industrial distribution have been the most outstanding problem in industrial economic management. They have also become a major problem for the entire national economy. We should carry out theoretical investigations into this kind of major problem so as to guide future industrial distribution.

## 2. General Laws for the Regional and Special Distribution of Industrial Productive Forces

Marx made it very clear early on that the productive forces of human society were a developmental process of natural history. The productive forces of all of society, including industry, are all products of a certain period of time and constantly move and develop within the sphere of a certain period of time. Man cannot surpass his own era and freely select productive forces. We cannot believe that a prehistoric caveman with outstanding intelligence could simply invent automatic machinery. Automatic machinery was only able to emerge during the late 20th century when machine tools were already highly developed and had been integrated with electronic technology. Human productive forces flow eternally with time and move from a low level to a high level, gradually developing from a backward to an advanced level. The distribution and development of human productive forces in specific areas and locations may be restricted by social relations, but it also manifests the developmental process of natural history and follows certain rules. These

rules define a certain location, and always define a specific direction so that there is forward development from a low level to a high level.

These developmental rules for productive forces in a specific location are an important and integral part of the laws of the productive forces. In other words, they are a set of specific laws under the command of the laws of the productive forces. Even if these are differences in the social character of production and even if there are differences in the social character of production and even if there are great differences in the social systems of different countries, the distribution and development of the productive forces share specific common features, while possible differences in the direction of the distribution and development of the productive forces are a result of differences in the historical characteristics of each nationality, and is nothing more than a manifestational difference in objective laws. In recent times in China the productive forces have gradually been developing from the east to the west and from the coastal regions inland.

The spatial development of industrial productive forces exists universally, not only in China but also in advanced industrial countries, and fully illustrates the similarity of these objective laws. British industry began in the eastern and southern coastal regions and over 400 years gradually moved to the west and north, until it eventually permeated the entire country. In the United States, there has been an even clearer move in the industrial productive forces from the east to the west. Its great plains were originally the hunting grounds of the Indians until 1607, when the English Protestants landed at Cape Cod. Only in recent times have the industrial productive forces gradually advanced westward beyond the Appalachian Mountains, stretching as far as the Mississippi River and establishing the famous Mississippi-Great Lakes industrial region. Later it continued westward until it reached the Pacific coast. It took more than 200 years of development to reach its present scale. The developmental history of American industry is the clearest and best model of the objective laws of forward spatial development of industrial productive forces. The distribution and development of modern industrial productive forces in the Soviet Union also show this trend, having moved from the West to the East.

Industrial distribution in China after the 1960's changed from the East to the West. This direction was correct. The problem was that there was no forward development. Whether we are talking about military strategies or economic strategies, it is appropriate to divide the land in China between the eastern coastal regions and the western hinterlands into three lines. However, according to the laws of forward spatial development, we should have primarily emphasized construction along the first and second lines when we were locating industrial productive forces. When there was ample development along the first and second lines, the third line could be developed on a large scale and then the southwestern regions would develop. Our mistake was that during the mid-1960's we had just recovered from 3 years of problems and our economic forces were actually very weak, and while the first and second lines required vital investments, most funds and technology were thrown into the third line. This was a contravention of the laws of forward development and of course the idealistic investment results imagined were impossible.

We should also understand that in the laws of forward spatial development of industrial productive forces, the concrete movement tends to be from key focal points to lines, and from these lines to extensive overall development. These key focal points are not only single enterprises, but in terms of an entire country's industrial system, they can be an industrial area or an industrial town. The linking up of several of these points produces an urban belt or an industrial belt. The final "overall" stage is composed of several key focal points or several belts. The industrialization process gradually takes place in this way in countries throughout the world, moving gradually towards urbanization. The distribution of the industrial productive forces in the world's advanced industrial nations illustrates a concentration in specific industrial or urban belts. The more developed the urban belt, the greater its manifestation of industrial strength.

This high degree of concentration in the world's most advanced industrial productive forces today is the result of the capitalist striving for profit and is a demand of the objective laws of the productive forces. Under both capitalism and socialism, as the scale of production expands and production technology intensifies, the distribution of industrial productive forces must also become more centralized and concentrated. When the productive forces have become centralized to a certain extent, then large urban belts or industrial belts emerge by necessity. This is not only proven in the capitalist countries of Europe and America, but also in the Soviet Union and Korea. When these two countries were still backward agricultural countries, they had no spectacular and enormous industrial cities, while today the urban population of these two countries makes up more than 60 percent of their total populations. They both have some relatively large industrial belts or zones. This proves that the emergence of large industrial cities or belts is a sign that a country has achieved industrialization and modernization. It is also a symbol of social progress and prosperity.

Some comrades cannot accept this. They believe that the emergence of highly centralized productive forces and large industrial cities are abnormal products of the capitalist system, and that the socialist society should fundamentally reject these phenomena. Under the command of such thoughts, the "mountain, dispersal, cave" methods of distribution emerged during the 1960's. After the failure of this peculiar method of distribution, some comrades today have their eyes fixed on commune team enterprises, saying that they are the best model for eliminating the three big discrepancies and for promoting China's socialist reconstruction. We believe that as an economic style of socialism, commune team enterprises are very valuable, but we should really examine whether they can be used to deny the development of industrial cities. Here is not the place to discuss the future and the pros and cons of commune team enterprises and commune team industries. But one thing can be said for sure; if the country's industrial foundation is not constructed on a series of industrial cities but rather on commune team enterprises, then the aftermath will be even more serious than "mountain, dispersal, cave." "Mountain, dispersal, cave" only took place along the third line, whereas commune team enterprises exist throughout the country, and this would result in even greater chaos to the distribution of industrial productive forces in China.



Industrial cities or industrial belts are a necessary product of human society and economy which have developed to a certain stage. In modern industrially advanced countries, social life has in fact now become totally urbanized. On the basis of China's history and present situation, it is not realistic to talk of urbanization during this present stage in China. However, a centralization of industrial distribution, the building of more industrial cities and suitable reductions in the rural population are historic tasks which we cannot put aside. After liberation there was a period of fast development in China's industrial and urban construction. During the period of the First Five-Year Plan, as industry developed, China built and reconstructed a large number of industrial cities. The present urban structure in China is mainly a result of this period. From the time of the third to the fifth 5-year plans, and as a result of the "mountain, dispersal, cave" ideology, the newly increased industrial productive forces were scattered over enormous distances in the south and west hinterlands, and only a very few industrial towns like Dukou emerged. The economic and social results of centralized and concentrated productive forces were not felt, much to everyone's regret. Today China's urban population is 130 million people, making up 14 percent of the world's population. This proportion is nothing like that in advanced nations, and is not even as good as the Philippines, Indonesia, and other such Southeast Asian countries. If over the next few years a country as large as China does not construct several large industrial belts and several tens of large cities, several thousands of medium sized town, and several thousands small towns, and if it does not gradually change its rural population into an industrial population, then how can we talk about industrial modernization and social modernization? We should courageously uphold the ideology which takes urban areas as its base and in future industrial distribution and location completely wipe out the word "decentralized" from our guiding policies and respect the laws of progress in terms of our strategies, and in terms of our tactics implement the principles of centralized productive forces. Only in this way can we speed up the historic process of industrial modernization in China.

### 3. On the Concept of the Bow-and-Arrow Form of Distribution

On the basis of the conditions of natural resources in China, the existing industrial foundation and distribution of the productive forces and various other objective conditions, such as consumer demand and so on, I believe that the overall distribution of China's industrial productive forces would, by the end of this century or a longer period, be most ideally suited to the bow-and-arrow model. In this bow-and-arrow model, the bow would be formed by a line running south from Liaoning along the coast as far as Hainan. Taiyuan and both sides of the Beijing-Guangzhou railway as far as Guangzhou would be its string, while the arrow would run from Chongqing eastwards along the Changjiang to Shanghai. The Changjiang delta economic zone, which includes the city of Shanghai, represents the most concentrated area of China's industry and would be the tip of the arrow. This kind of bow-and-arrow style of industrial distribution takes in Dongbei, Huabei, Huadong, and several economic regions of the central and southern areas. These regions are China's first and second strategic lines and include the eastern half of all China. In fact, the bow-and-arrow distribution of industry represents an

economic strategy for allowing preferential development of the eastern half of China. The core of this strategy is that before the end of this century there should be preferential development of China's coastal and eastern regions so that after the establishment of a good industrial foundation and the accumulation of solid material strength, progress may develop towards the southern and western regions. This embodies the laws of progress in spatial development of the productive forces.

In this bow-and-arrow style of distribution of the productive forces, there are vast quantities of natural resources in those areas which represent the string and the arrow, with enormous deposits of coal, iron and nonferrous metals. Coal deposits in Nei Ming Gu, Shanxi, and western Henan represent 67 percent of all of China's coal deposits. Oil deposits in Huabei and Jiangnan [3068 3352] make up more than 20 percent of China's total oil deposits. The northern section of the string, which includes Taiyuan and as far as Wuhan, is very rich in energy resources. Here it would be best to develop high energy consumption heavy industry. It should be built up as a major base for metallurgy, coal and chemical industries and heavy machinery industries so as to strengthen the economic strength of the string. In the arrow section, most industries will be situated along the Changjiang. The Changjiang is China's biggest river, with a developed river system and a population of 400 million people and several tens of large and medium sized towns and cities. It is one of the most well-developed cultural and economic regions in China. In the upper reaches of the Changjiang there are natural resources producing 250 million kilowatts of hydroelectricity, while in the middle reaches where the three river gorges are, hydroelectric production stands at 33 million kilowatts. The river represents China's greatest natural resources for the production of hydroelectricity. In the provinces along the Changjiang, there are rich deposits of iron, copper, zinc, tin, titanium, lead tungsten, manganese, phosphorous, and uranium. Although the deposits of coal and iron here are inferior to those in the Mississippi region, there is a much wider variety of nonferrous metals and hydroelectric resources are many times greater. With such superb conditions as these in the Changjiang region, there is no reason for us not to develop it into a flourishing and prosperous region like the Mississippi. The actual bow of the bow-and-arrow style of distribution refers to China's 18,000 li of coastline and the towns along the coast. Situated on this bow, there are at present several tens of light and heavy industrial and trading towns and cities. Industrial production value in this region represents over 60 percent of the country's total gross national product. It is an important pillar in the country's national economy. When one researches the developmental history of human productive forces, one discovers a very interesting historical phenomenon. Rivers are the mother of agriculture and seas are the father of industry. The Changjiang, Huanghe, the Ganges, the Nile, and so on all nurtured ancient agriculture, while the Mediterranean and the English Channel both gave rise to modern industry. Even today, the world's most highly developed industries are still concentrated in coastal regions. The reason for this is that coastal regions are extended in all directions and are ideal for technological exchange and commodity exchange. They are the most ideal places for developing industry. China's coastal regions also have very good conditions for the development of industry. China's coasts face the Pacific

Ocean and open directly onto the world's most important shipping lanes. In many places along the coast it is possible to construct large-scale industrial cities or trading cities. In addition there is off-shore oil to be developed, energy resources are fairly good, and there is a fairly solid industrial foundation. It is entirely feasible to establish an industrial belt along the coast. A strong bow will shoot arrows great distance. When coastal industries are sufficiently well developed they will be able to constantly absorb advanced overseas technology and effectively stimulate the development of inland industries.

It should be said here that this bow-and-arrow style of industrial distribution is based on efforts to stress linear concentration of the productive forces and overcome surface distribution. We should not envisage industrial deployment at every spot along the lines of the bow-and-arrow style of industrial distribution, for this would create decentralization of the productive forces and would be in opposition to the objective demands of the development of the productive forces. This model of the bow-and-arrow style of industrial distribution can only be extended and developed inline with increases in the country's economic strength. As far as China's economic capacity by the end of the century is concerned, if we can maintain the principles of concentrated distribution and key point development, then it will be possible to construct an industrial belt made up of Liaoning and Shenyang, Beijing and Tianjin, and Taiyuan and Wuhan (in other words, three integrated industrial zones), and the Shanghai-Ningxia industrial belt. If we can set up these three industrial belts we will have a basis for achieving the bow-and-arrow style of industrial distribution. As soon as the bow-and-arrow style of industrial distribution is achieved, then industry in the eastern half of China can develop. After this, there can be moves towards the southwest and northwest so that there may be industrial development throughout China. This is a forward moving process and also an historical process.

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## ECONOMIC MANAGEMENT

### DEMOCRATIC MANAGEMENT OF ENTERPRISES EXAMINED

HK231510 Beijing JINGJI GUANLI in Chinese No 12, 5 Dec 83 p 3-4

[Commentator's article: "Step Up Ideological and Political Education and Promote Democratic Management in Enterprises"--passages within slantlines published in boldface]

[Text] The 10th National Congress of the Chinese Trade Union was an important conference in the developmental history of China's workers movement. This congress was opened in the spirit of the 2d Plenary Session of the 12th CPC Central Committee. During construction of the two civilizations, the workers must develop the spirit of the working class being masters of their affairs on the basis of the "Resolution of the CPC Central Committee on Party Rectification" drawn up at the 2d plenary session, and the speeches of Comrades Deng Xiaping and Chen Yun, so as to build China into a modern, highly civilized, and highly democratic socialist country. In order to achieve all of this we must staunchly carry out education to the workers in the basic theories of Marxism-Leninism-Mao Zedong Thought, as well as education in patriotism, collectivism, socialism and communism. At the same time that we stress increased ideological and political education, the congress also pointed out in its "work report" that, in order to improve the quality of an enterprise and raise economic results, all enterprises must, without exception, implement democratic management and, with a highly developed sense of responsibility and a sense of being masters of their affairs, the masses of workers must work hard to promote the development of democratic management. In order to ensure the successful implementation of the spirit of the congress we must today on the one hand step up ideological and political education, resisting and eradicating all kinds of spiritual pollution and improving the quality of the workers, and on the other hand we should studiously perfect the workers congress system giving full expression to the function of the congress.

The workers congress system is one of the fundamental forms of the implementation of the democratic rights of workers. In 1981 the Central Committee and the State Council announced, "Provisional regulations for the workers congress in state-run industry and enterprises" so as to speed up the process of the workers democratic management of enterprises. By the end of last year more than 200,000 work units had established the workers congress system throughout China, and in large and medium-size enterprises this system has generally



been universally introduced. Some 15,000 work units have implemented democratic election of foremen and managers, and 23,000 work units have introduced democratic election for workshop chiefs, while 52,000 work units have introduced democratic elections for shift chiefs and work group chiefs. Today, many work units are making use of democratic worker management to implement democratic surveillance of various negative phenomena in enterprises and are also relying on the opinions and ideas of the masses and organizing mass movements such as "Be the master, suggest ideas, oppose waste, increase results." Practice proves that all work units which earnestly implement democratic management see increased exploitation of their enthusiasm and initiative of the workers. There are obvious improvements in management and administration while the economic results and quality of the enterprise also improve.

In order to further promote democratic management, we must ensure that further development occurs in the following areas: 1) We should ensure that the implementation of the workers congress system becomes a part of enterprise consolidation and a standard for testing and approving such work so that those enterprises which do not conscientiously implement the system may not be checked and qualified as being up to standard. 2) We should introduce the system whereby the workers congress makes an annual evaluation of enterprise leaders and cadres. This would coordinate very well with party rectification and would also be an important measure to ensure improvements in the quality of leading groups in enterprises. We must uphold democratically elected leading personnel in enterprises and we should ensure that production cadres are elected. Appointments should be ratified depending on the management sphere of the cadres as reported to the relevant organizations. 3) We must thoroughly implement worker rights of the workers congress system, and decisions on major questions of enterprise management must be ratified by the workers congress while major questions affecting the personal interests of the workers must be discussed and decided by the workers congress, and the decisions of the workers congress must be respected and implemented. 4) Further promote the role of the workers congress in the workers self-education and greatly increase the workers sense of responsibility and sense of being masters of the society.

In order to promote democratic management of enterprises we must greatly improve the ideological and political quality of the workers as well as their scientific and cultural qualities and in the process of constructing the two types of civilization we must give full expression to the workers' role as masters of their affairs. Today we must do the following work:

/First, constantly increase the ideological and political conscience of the workers and firmly resist spiritual pollution./ In improving the quality of enterprises, the first thing that we must do is to improve the quality of the workers, especially their political and ideological qualities. All workers should "think of themselves as masters, speak as masters, and take on the responsibility of being masters. In order to do this we must first overcome the concept of hiring and the preoccupation with individual material interests and other bad tendencies, such as disregard for a socialist consciousness and communist character. We must set up a correct work attitude and correctly handle the relationship between the interests of the state,

the collective, and the individual. We must resist the influence and corruption of the corrosive and declining thoughts of the bourgeois and other exploitive classes and we must oppose all kinds of spiritual pollution. The focus of ideological and political work in enterprises should be on young people. At present there are about 60 million young workers in China; in enterprises young workers make up more than two-thirds of all workers. An important task of ideological and political work in enterprises is to train these young workers to become an idealistic, moral, cultured, and disciplined new generation of socialist workers.

/Second, improve the cultural and technological standards of the workers and increase their ability to be masters of their affairs./ Lenin said very early on: "In order to manage, one must be an expert, and that means fully understanding all the conditions of production and economic management." In order to ensure that all the workers become masters of their affairs and make full use of their enthusiasm and creativity, we must improve their cultural, scientific, and technological standards, and, through various forms of study, constantly increase the talent available for the construction of the four modernizations. If we do not do this then we cannot manage things in accordance with natural and economic laws, and then we will not be able to make full use of the concept of being master of one's affairs. Then there can be no true realization of democratic management.

At present the cultural and technological standards of China's workers do not meet the demands of the four modernizations. According to statistics, engineers and technicians in the industrial sector still only make up 3 percent of the total work force, while in the economic sector 70 percent of cadres have educational standards of below junior high school level and around one-quarter of all workers in China require remedial educational classes. Of the technological levels of workers, 71 percent of workers fall into levels 1 to [word indistinct] while only 2 percent fall into levels 7 to 8. The practice of the four modernizations construction program tells us that not only young workers require remedial teaching, but old workers also need to study new technology. Engineers, technicians, researchers, managers, and so on also need to constantly refresh and renew their knowledge. They must work hard to come to grips with the world's advanced standards of science and technology and modernized management knowledge.

In order to improve the cultural and technological qualities of workers we must create a batch of production workers, technicians, and managers who understand both production technology and scientific management. At the moment, in addition to the qualified personnel which the education sector are constantly training and producing on the basis of enterprise demands, we must mainly depend on enterprises themselves to train their present workers through a variety of channels. In order to improve study results and achieve an integration of study and application, we must advocate the integration of study of one's own job and a thorough understanding of one's job so that through spare-time study, correspondence courses, newspaper courses, and television and radio university courses, and other methods of self-study, the vast majority of workers may gradually move up from junior high school and high school standards of study to university levels.

/Third, studious perfect the workers' congress system./ As a basic system in enterprise and as the basic organizational style of democratic management in enterprise, the workers congress system must be a perfect and healthy organization, and a strict system with democratic regulations. At present, a considerable number of enterprises have not set up this system. Those that have, have in many cases not given full expression to the function of the system and the authority of the workers congress has not been fully implemented. Some leading cadres arbitrarily reject the decisions of the workers congress and some even force the workers congress to take orders from them. The workers say "The Congress is representative, after the congress everything is dropped." They feel strongly about this situation. This situation must be changed as quickly as possible.

In our socialist enterprises there must be strict scientific management, effective administrative leadership, and production guidance before economic results may be improved. However, scientific management and administrative guidance can only be endorsed by the workers and effectively used when they exist on a basis which permits democracy to flourish. If these things cannot be integrated with democratic worker management, then during their actual work, the masses of workers will not be able to feel that they are masters of their affairs. It will be hard to successfully implement scientific management and as a result the quality of enterprises will not be improved and economic results will not be increased.

At present, many enterprises have drawn up detailed regulations for the implementation of democratic management on the basis of the provisional regulations of the workers congress. Some enterprises have also begun to draw up specific rules and regulations pertaining to the workers congress system, democratic procedures, and discipline. Some other enterprises are gradually perfecting the organization of the workers congress, setting up and perfecting various specialized groups and committees related to the workers congress, and organizing the democratic management of factories, work shops, and work groups so that even more workers participate in the management of the enterprise from various angles. These activities have all seen very positive results.

In enterprises, the perfection of democratic life and the democratic system is an extremely important measure for making relations between leading cadres and the workers closer and for improving the quality of enterprises. We must, without fail, earnestly implement the spirit of the workers congress "ten greats," improving ideological and political education, constantly improving the "two qualities" of the workers and strengthening the working masses' sense of responsibility and being masters of their affairs, and greatly promote the democratic management of enterprises.

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BRIEFS

SHANGHAI TECHNOLOGY-IMPORT CONTRACTS--Shanghai, 17 Jan (XINHUA)--Shanghai, China's largest industrial center, signed over (?100) contracts with Japanese, American, European and Hong Kong firms in the second half of 1983 to import technology and equipment as part of the effort to upgrade its existing industrial enterprises. This was announced here Monday by Xu Deen, general manager of the China National Technical Import Corporation (CNTIC), at a reception marking the official opening of the Shanghai branch office of CNTIC. These contracts worth more than 72 million U.S. dollars were signed by the newly established Shanghai branch office of CNTIC in cooperation with the Shanghai Investment and Trust Corporation, Xu said. Negotiations for 200 more projects to import technology and equipment are in progress, he added. Founded in 1952, the CNTIC has business ties with several thousand firms in foreign countries, Hong Kong and Macao. The establishment of its branch office in Shanghai last July was aimed to promote import of new technology and complete sets of equipment for the municipality. [Text] [OW171612 Beijing XINHUA in English 1438 GMT 17 Jan 84]

INDUSTRIAL WASTE RECYCLING--Beijing, 11 Jan (XINHUA)--China is making progress in recycling waste and refuse discharged by its iron and steel enterprises, the CHINA ENVIRONMENT JOURNAL reported. More than 85 percent of slag from 21 major enterprises is now being used to make cement, bricks and sintered ore. The best example is the Anshan iron and steel complex, China's biggest, where all slag is being used. An annual average of 3.6 million tons of mud left in the processes of mining and smelting is now recycled, the journal said. This means an additional 5.6 million tons of iron ore, the journal added. As a rule, earnings from multipurpose utilization of industrial waste and refuse are used mainly for pollution control. From 1979 to 1983, the journal reported, 20 major iron and steel enterprises earmarked 140 million yuan from such earnings for that purpose, accounting for nearly one-fourth of their total pollution control expenditures. The CHINA ENVIRONMENT JOURNAL began publication on January 1. [Text] [OW122024 Beijing XINHUA in English 1452 GMT 12 Jan 84]



## INDUSTRY

### JINGJI GUANLI DISCUSSES IMPROVING LIGHT INDUSTRY

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[Article by Ji Long [1323 7893]: "Work Hard To Improve the Quality of Light Industrial Enterprises"]

[Text] Comrade Deng Xiaoping said that from the start of the Sixth Five-Year Plan until the end of this century we must come to grips with two things. One is the key construction and the other is improving the quality of enterprises. Judging by the actual situation in light industry, the latter of these tasks is the more important. We must carry out investigations and research and carry out a systematic analysis of the present situation in light industrial enterprises, deciding what future paths should be taken, what products will be produced, and what results will be achieved. This involves an examination of such questions as standards of management and administration, workers, and technological developments. All of these questions and problems determine the existence and development of an enterprise.

The quality of enterprises refers to those solid and secure elements of an intensional nature of enterprises and thus it refers to the enterprise's capacity to exist and develop under certain social conditions, which includes the capacity for understanding feedback on market information, the capacity to suit changes in supply and demand on domestic and foreign markets, the capacity to establish itself in an unassailable competitive position in the face of fierce market competition, and the capacity to promote the constant development of new production possibilities, new products, improvements to old products, constant improvements in product quality, and drops in material wastage.

Improvements in the quality of enterprises represent the motive force for improving the existence and development of enterprises. We must fully understand the importance of improving the quality of enterprises and must increase our sense of urgency about it and taken on new challenges. Comrade Zhao Ziyang said, "Chinese industry is facing a serious challenge, how to improve the quality of enterprises." "If there is no fundamental change in our enterprises and no clear improvements in quality, then there will be no vitality in China and no competitiveness on international markets and there will be no hope for enterprises. In one phrase, without progress, there can be no existence." This analysis fully corresponds with the actual situation in at present in light industry in China.

Although China's light industry does have a definite foundation, problems of poor enterprise quality, weak adaptability, and low economic results exist throughout. There are many reasons for this situation. In macroscopic terms the system of economic management, product structure, and the structure of enterprise organization are not rational enough. Problems in these areas require careful investigation and research by the relevant departments so that they may gradually be corrected. As far as the situation in the enterprises is concerned, the main features of poor quality are found in backward management and administration and production technology, as well as poor political and technological standards among workers. If we don't get to work and improve the quality of enterprises then many light industrial enterprises run the risk of being forced out of business through competition. This is a truly severe test. Some comrades in the first line of production with a deep understanding of the situation say that when the price of raw materials goes up and the price of products falls, the pressure is great and it is difficult for factory managers to handle the situation. Apart from having to solve these macroscopic problems, the most pressing task at present is step up all our efforts to ensure successful all-round enterprise consolidation, and steadfastly ensure that enterprise management "changes rails" and "alters its form." This so-called "changing rails" implies ensuring that all enterprise work is shifted to being focused on improving economic results. This so-called "altering of its form" implies changing from pure production forms to production management forms, working hard to achieve "outstanding quality, marketability, low consumption, high results, and safety." Enterprises should be arranged in an order according to their business and, on the basis of domestic and advanced foreign standards, we should find out where these enterprises lag in terms of personnel quality, technological quality, management and administration, and composite indexes, and draw up measures to ensure they improve and in this way improve the quality of light industrial enterprises.

The key to improving the quality of enterprises is to work hard at improving standards of management and technology. Comrade Zhao Ziyang said, "In order to improve product quality and decrease material consumption we must first improve management and administration and second promote technological development." This is an extremely important point in ensuring that our work is shifted to focus on improving economic results. One of the keys to solving the problem of backward management and technology is to improve the quality of personnel. Without quality personnel there will not be people who are enthusiastic about the four modernizations or who understand modern management and administration or have a grasp of science and technology. And if we do not have such people there can be no talk of quadrupling or improving economic results. How should we improve the quality of personnel? As far as the present situation is concerned, the main way is through all-round enterprise consolidation, improvements in the construction of work teams, and improvements in the quality of these work teams. The basis for improving the quality of work teams is the selection of talented people and the fostering of such talent. Only by improving the political, technological, and vocational qualities of leading groups and workers in an enterprise can any improvement in quality in other areas come about, and only then can enterprises meet the demands of modernized large-scale production and only then can there be good economic results.

1. Strengthening the construction of work teams and improving the quality of these work teams represent important problems which must be solved in order to permit all-round improvements in the quality of light industrial enterprises. The reason for this is that the political, technological, and vocational qualities of the workers play a guiding role among the various factors which influence the production development of light industrial enterprises. Good management and advanced technology can only be implemented with personnel who have grasped a certain amount of knowledge, understand management, and understand their vocation. As modern science and technology develop, scientific knowledge will play an increasingly important role in production development. In essence, product development means the development of talented personnel. Factories depend on products, products depend on innovation, innovation depends on research, research depends on talented personnel, and talented personnel depend on education and training. The extent to which such training has been developed determines the depth of product development. The development of socialist modern industry requires that we respect knowledge, emphasize talent, and make good use of talent. It also requires that we come to grips with the training and rational utilization of talent, strengthen worker training, and increase remedial cultural and technological classes for workers, thereby creating a large number of workers who have a grasp of specialized areas of science and technology. However, judging by the present situation as far as workers in light industry are concerned, we are a long way away from meeting the demands of objective developmental trends.

Light industry has the most kinds of businesses, the most enterprises, the most workers, and the highest production value of all sectors of industry. According to statistics from 1982, light industry comprised a total of more than 40 kinds of businesses, with more than 70,000 individual enterprises, more than 12 million workers, and a production value of more than 112 billion yuan. The characteristics of enterprise structure are: Very few enterprises under direct central control, many regional enterprises, very few large and medium size enterprises, and many small-scale enterprises. More than 11,000 enterprises are under ownership by the people, and more than 59,000 are under collective ownership. The standards of technology and technological equipment in light industry is rather backward compared to all other kinds of industrial enterprises. Among light industrial enterprises, labor intensive businesses in secondary light industry tends to have backward equipment and technology, while the cultural and technological standards of the workers are also rather low. The technicians in most of these enterprises tend to be locally born and raised, and in these light industrial enterprises the human factor is more prominent than in other more modernized enterprises in other sectors. In order to make full use of the human factor, what is even more important than relying on policies to mobilize the enthusiasm of the workers, is reliance on science, and it is even more important to come to grips with technical and vocational training for workers.

2. One of the key links in improving the quality of work teams is improvements to the quality of leading groups. A dynamic enterprise with good results often owes its success to the good quality of its leading groups. For example, in the people's glass factory in Wuxi, Jiangsu Province, where

lamps and lanterns are produced, the strong leading groups are made up of cadres who understand technology, their vocation and management, utilize their knowledge of modernized management and science, paying attention to solving contradictions between production and demand, paying attention to feedback on market information, and working hard to develop new products and improve the technological equipment and machinery in the enterprise, thereby constantly increasing the enterprises' competitiveness and adaptability with the result that their lamps and lanterns have been highly praised in China and well favored by consumers. This factory saw several consecutive years of increased production value and profits, and between January and August of this year their industrial production value and actual profits increased by 21.98 percent and 12.25 percent, respectively, over last year. Many of the leading groups in secondary light industry have a fine tradition of hard work and plain living, thrift and economy, and democratic management. In the past they made great contributions to the emergence and development of secondary light industry. However, progress and developmental trends have meant that the situation regarding leading groups in enterprises has become increasingly unsuitable. Looking at the overall situation regarding China's light industrial enterprises, the most outstanding thing at present is to come to grips with consolidation and reorganization of leading groups, choosing "sensible people" to be in charge. In accordance with the demands for the cadres' "four modernizations" we must select those cadres who can open up a new situation and who have a revolutionary spirit and place them in key positions, and give full expression to their roles.

At present, leading groups tend to be made up of cadres who are too old, and with cultural and technological standards which are too low. In some enterprises leading groups are weak or lack unity, stability, and the ability to manage. This is not in line with the demands of objective trends. The problems in leading groups in some enterprises have gone unresolved for many years. This has seriously affected the economic results of the enterprise, but as soon as problems in leading groups are solved the situation improves immediately. For example, in the Shaoyang paper factory in Hunan Province, factionalism among the leading groups in the past meant that there was a generally bad feeling in the enterprise and discipline was lax, while management was in disarray, resulting in losses of 430,000 yuan during 1982 and losses of 318,000 yuan during the first quarter of this year. In March this year, the leading groups were readjusted and "sensible people" were put in charge, improving management and strengthening the system of economic responsibility. From April this year, the enterprise started to make profits and by June the losses of the first half of the year were turned into profits, while forecasts for the rest of the year are predicting profits of 1 million yuan. There are similar examples everywhere in China.

The key to successful enterprise consolidation is successful consolidation of the leading groups. When consolidating the leading groups we take into account politics, culture, and age. As far as the deployment of personnel, we should not only take note of academic records but also the standards of specialization and ability to solve actual problems. We should also pay attention to deployment of production, management, and technological personnel. Leading cadres in secondary light industry should be organized more and more



by democratic selection. We should also make full use of skilled craftsmen, outstanding skilled workers, and "able people" who can control the factories.

3. Improving the political, vocational, and technological qualities of the work groups, improving management and administration, and promoting technological progress all require various specialized and talented people. Where does such talent come from?

First, we should make rational use of existing talent and change such waste characterized by "not using what one has learned and doing what one has not studied." We must overcome our prejudice against intellectuals and ranking by seniority and not stick to one pattern in selecting talented people. "No gold is pure, no man is perfect." No one is perfect and without faults. An ancient proverb says, "A man may be talented in one field but not in another." On the premise of upholding the principle of having both ability and political integrity, we should get rid of the demands for absolute perfection and establish a concept for selecting talent which allows good points to develop and avoids bad points. The development, differentiation, and selection of talented people is carried out for the purpose of utilization. As far as the utilization of talented people is concerned, we should strive to ensure that people make the most of their talents and appreciate these talents. We must be courageous in our use of people and we must not mind using people more talented than ourselves, and we must unite and make use of those who may at some time have opposed us or who may have different opinions. Only in this way can we successfully select the talented people urgently needed for the four modernizations construction program. When we see that talent is at hand we should boldly make use of it, providing the necessary help and support so that these talented people may mature as quickly as possible.

Second, there should be planned training so as to solve the problem of a lack of management talent and technological talent. Modernized construction requires talent in modernized management. Lenin said, "In order to manage one must be an expert and one must understand all the conditions of production, and that requires understanding highly modernized production technology, and that requires a certain amount of scientific training." ("Collected Works of Lenin", vol 30, p 394) There are many reasons why many of our enterprises are not running well at the moment, but one common problem is weak management and administration. Of China's management personnel in light industry, the vast majority have not received systematic training and very few actually understand management and administration, while even less have received training in modern management methods. Enterprise policy-making level lack knowledge of and ability in scientific management. Most people rely on their experiences and this directly affects improvements to economic results. Twenty percent of students in American universities study management while in China only 2 percent do so. Furthermore, very few of this 2 percent are allocated to light industry and even fewer to secondary light industry. Running industrial production with a lack of management knowledge leads to greater blindness, more hasty commands, and dislocations in planning. The result produces enormous human, financial, and material waste. As production

develops and the degree of modernization improves, management work will become increasingly important. Management cadres in all industrial enterprises must all study management and administration. Otherwise, the demands of developing trends will not be met and the challenge facing us may not be taken up.

In recent years all levels of the light industrial sector have begun to pay attention to improving the training of management cadres. Various research classes for management cadres have been held, as well as short training courses and study classes. As an example, let us look at the Gu An cadre school in the light industrial sector. Since 1979, it has held 12 rotation training courses for management cadres and has trained over 1,000 leading cadres for light industry. These students systematically studied modern scientific management and then applied what they had learned in practical management of their enterprises, producing very good results. In order to meet the demands of regularization, normalization, and systematization in the modern teaching of cadres, the light industrial sector set up the light industry management cadre school in May, with the Gu An cadre school as a model. This new school has become an important foundation for future systematic training of management talent and management cadres.

In addition to improving the standards of management and administration, improvements to the quality of light industrial enterprises also requires a solution to another prominent contradiction, namely the serious lack of technological talent and low cultural and technological standards among workers. The light industrial sector is the sector with the weakest scientific and technological forces in all sectors of industry. Of the 12 million workers, only about 1.2 percent are technicians, and of these only 0.52 percent are in secondary light industry. This is much lower than the average for China's industries as a whole, which is more than 3 percent, and far lower than the 5 percent level in metallurgy, chemicals, and the railways. Scientific research bodies are also very weak. According to statistics from 1981, light industry as a whole had 352 research institutes but only 10,000 technicians and scientists. Of the 21 research institutes directly under the department of light industry, each one averaged only 100 scientists and technicians, while those under regional control only had around 30 scientists and technicians. Among existing scientists and technicians, most of those who are able to work alone are at least 40 years old, while key personnel with high standards in science and technology are generally around 60 years old. There is a serious problem regarding shortages. Workers in light industry generally have a tendency of "the three lows and one shortage" (low cultural, technological, and management standards, and a lack of technological personnel). Some 75 percent of the workers have not reached junior high school standards of education, and between 10 and 15 percent of the workers are illiterate or semiliterate, while the average technological grade of most workers is 2.5. This situation is seriously hampering technological progress in the enterprises and affecting enterprise plans to develop new products, improve old products, raise product quality, and increase product variety, while in some cases technologically advanced equipment imported from abroad has not been used effectively because of a lack of technological strength in enterprises.

In order to speed up the training of technical personnel in light industry, and to improve the cultural and technological standards of its workers, we must uphold the principle of opening up new resources and possibilities. In addition to relying on the state to increase the number of university and special college graduates allocated to light industry and expanding the scale of light industrial technical colleges and specialized and vocational schools, of greater importance is the need to rely on regions and enterprises to develop education for workers through various channels, successful organization of worker universities, radio and television universities, evening universities, and newspaper universities, as well as short-term courses and encouragement of self-study.

In order to improve the political, technological, and vocational qualities of the workers we must improve ideological and political work and thoroughly correct the ideological weaknesses which exist in some workers, as well as discipline, selfishness, individualism, and a tendency to "look for money." We should gradually implement education for workers, especially young workers, in patriotism, collectivism, socialism, and communism, thus radically improving their awareness and working hard to establish a group of idealistic, moral, cultured, and disciplined workers.

In order to evaluate the quality of an enterprise one should begin with the actual situation, look mainly at the enterprise's adaptability, competitiveness, and ability to develop. Improving the quality of an enterprise is a gradual process. Different regions, different enterprises, and different moments have different demands. There must be a rational structure between the important elements which make up the quality of an enterprise. Advanced technological equipment and advanced technological skills must be balanced with advanced management methods and suitable technological standards among workers. If an enterprise has advanced equipment but lacks good management and talented management personnel of a high standard, then it will still not be possible to improve economic results. Light industry is a very diverse sector of industry, and the situation is very different in various parts of light industry. No general model can be used to cover all aspects of the industry. One should differentiate between the situations in enterprises under ownership by the people and those under collective ownership and also between different situations in mechanized, semi-mechanized, and manual labor industries. One must start from reality, carry out successful planning, and adopt measures involving several different levels so as to improve the quality of enterprises. As far as technological equipment is concerned, we should not one-sidedly consider that the more advanced, the better. We should make use of applicable technology. Those enterprises which have the necessary conditions should boldly import advanced technology and equipment and speed up the process of technological transformations in a planned and focused way. Some enterprises may adopt advanced domestic technology. Small-scale collectively owned enterprises, on the basis of their size, decentralized installations, lively management, and product changeability, should make efforts to propagate the utilization of effective and applicable domestic technology, mobilize the masses, develop small changes and adaptations and small-scale invention activities, carry out some effective innovations and

and improvements to equipment and tools, and gradually improve their standards of technology and equipment. As far as the technical training of personnel is concerned, there should also be a rational structure involved with low-level, medium-level, and high-level talented people, while appreciating the fact that different enterprises have different demands and not simply do things with "one cut of the knife."

Improvements to the quality of enterprises is not merely the task of enterprises themselves. All levels of relevant sectors and departments should fully come to grips with this task. We must thoroughly implement organizational reform and reforms to the economic management system, beginning with reforms and perfecting macroscopic management, thereby setting up effective external conditions for improving the quality of enterprises. We must help enterprises to successfully implement all-round consolidation and especially ensure good arrangements of enterprise leading groups. We must come to grips with drawing up plans for and implementing enterprise technological transformations. We must pay attention to assessing and propagating effective and advanced experiences from individual regions, departments, and businesses related to improving the quality of enterprises. In conclusion, as long as we do not stick to general calls, but instead develop a steady spirit of getting on with the job, the quality of light industrial enterprises in China will see marked improvements in quite a short time.

CSO: 4006/241



## INDUSTRY

### SHANGHAI INDUSTRY BUILDS MORE SHIPS

OW141244 Beijing XINHUA in English 1156 GMT 14 Jan 84

[Text] Shanghai, 14 Jan (XINHUA)--Shanghai, China's leading shipbuilding center, is building more ships for domestic use than for export this year. Nineteen of the 32 ships in berth, with a total tonnage of 570,000, are for domestic communications departments.

Altogether orders for 80 vessels with a combined displacement of 1.05 million tons have been placed by domestic departments. All of them will be completed before the end of 1985.

Shanghai's shipbuilding industry has developed rapidly in recent years by importing modern techniques and equipment and it has manufactured ships for domestic use and export. New techniques of the 1970s now in use in developed countries such as pre-treatment of ship plates, numerical-control cutting of plates and automatic welding have been adopted, new production lines installed and old ones remodelled. Advanced methods of management have also been introduced.

Many of Shanghai-built ships now are up to international standards in quality and performance. The 36,000-ton and 27,000-ton bulk carriers and 12,300-ton container ships were awarded gold medals by the state.

Last year Shanghai built a record tonnage of 320,000, of which 270,000 tons were for export, a 120 percent increase over 1982.

The Shanghai shipbuilding corporation has made technical and business contacts with more than 400 firms in over 20 countries and regions since it was established in 1981. It has contracted for building 66 ships with 610,000 dead-weight tons. By the end of last year, the corporation delivered a total of (38?) ships with an aggregate displacement of 400,000 tons to foreign firms.

CSO: 4020/058

## INDUSTRY

### BRIEFS

DALIAN SHIPBUILDING CORPORATION--Beijing, 12 Jan (XINHUA)--A shipbuilding industry corporation was set up in Dalian, one of China's major shipbuilding centers, according to the China State Shipbuilding Corporation (CSSC). The new corporation has 17 docks, including one for building 100,000-ton class ships. Employing 25,000 workers, it will undertake to build ships, offshore oil exploration equipment, and low-speed marine diesel engines and instruments. The new corporation, which is under CSSC, was formed by merging five units, including the Dalian shipyard, the largest in northern China. The Dalian corporation is now building a 27,000-ton cargo ship for Hong Kong, offshore oil production platform modules for Japan and a 65,000-ton oil tanker and ocean-going ships for domestic use. [Text] [OW121200 Beijing XINHUA in English 1145 GMT 12 Jan 84]

CSO: 4020/058

## CONSTRUCTION

### BEIJING HOUSING CONSTRUCTION PROGRESSES

OW120851 Beijing XINHUA in English 0837 GMT 12 Jan 84

[Text] Beijing, 12 Jan (XINHUA)--Beijing completed 350,000 apartments covering 20 million square meters of floor space during the past 5 years. The figure exceeded the total built in the 20 years from 1959 to 1978, according to the Municipal Capital Construction Commission.

In 1983 alone over four million square meters of housing were completed, the commission said.

The municipality decided to give priority to solving its housing problem in 1977. In the past 5 years investment topped that in the 29 preceding years from 1950 to 1978.

In addition to unified planning, the city also paid attention to construction of auxiliary housing projects, including nurseries, canteens, service centers and public utilities. This can be shown by the rapid development of residential areas, the commission said.

From 1979 to 1983 the city completed or partially completed over 50 residential areas, mostly with apartment buildings and shops, restaurants, post office, clinic, schools, cinema and communications facilities.

The Jingsong area in the southeastern part of the capital is one of such already in use. With 117 5- to 16-storey buildings totalling over 600,000 square meters of floor space, the area provides accommodation for about 50,000 people. In the previously shabby area of Zuojiashuang in the northeastern corner there has appeared a new residential quarter with multi-storeyed buildings totalling 360,000 square meters in floor space.

The quality of the new houses built in the past few years has also been improved, the commission said. Balconies, closets, and baths are among the facilities of many apartments, which also have piped gas and central heating.

In 1949 Beijing had 13 million square meters of housing. A total of 47 million square meters were added between 1950 and 1983, the commission said.

Although Beijing has managed to provide new dwellings for 1.4 million people during the past 5 years, housing is still a problem of this metropolis with an urban population of 5.55 million, the commission said. Greater efforts are expected.

While building new houses, the municipality has also worked out measures to preserve the old traditional style compounds with houses around the courtyard in the city proper, so as to maintain its ancient flavour, the commission said.

CSO: 4020/054



## CONSTRUCTION

### PAPER CITED ON HOUSE BUILDING IN RURAL AREAS

HK030310 Beijing CHINA DAILY in English 3 Jan 84 p 4

["From 'Economic Information': New Way To Save Land in House Building"]

[Text] House building fever is spreading in many parts of rural China. New homes are going up everywhere, an indication of the recent affluence in the countryside. But while the long-cherished wish of the peasants for better living conditions is at last being met, there is a risk that it will be at the expense of arable land. Land fit for tillage is limited to a national average of only 1.5 mu per person.

Some districts have responded to this problem, which was created by the success of current agricultural policies, by building estates, planned and financed collectively, on mountainous terrain and similar areas unsuitable for cultivation.

In allocating these homes, the collective is guided by available finance, and the wishes and actual needs of the peasants. The quality of housing decides the price, and repayment is by installments.

This method of house building, well received wherever it has been adopted, offers certain clear advantages. Collective planning and the nature of the chosen sites safeguards against encroachment on arable land. Collective organization also permits arrangements to be made in advance for water and electricity supplies, roads and other amenities.

In mountain areas, the collective can apply for help with the preparatory work--quantity surveying and quality control, ensuring that the new houses are solidly built.

A clear pricing policy helps to overcome the unfairness of the big pot system of equal shares for all, and avoids the artificial created [as published] when land for housing was distributed free.

CSO: 4020/058

## FOREIGN TRADE

### RESTRUCTURING OF FOREIGN TRADE SYSTEM EXAMINED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 8, 11 Aug 83  
pp 44-48

[Article by Qiu Demin [6726 1793 3046] of the Shaanxi Foreign Trade Office:  
"An Inquiry Into the Restructuring of China's Foreign Trade System"]

#### [Text] 1. The Objective Necessity of Restructuring the Foreign Trade System

China's foreign trade system is a centralized model established during the early period of the founding of our country and based on the Soviet Union's state monopoly management theory. With the development of social productive forces, the foreign trade system of the centralized model gradually became ill suited to the demands of the development of the national economy. Since the 1970's, its drawbacks have become more obvious. 1) Foreign trade is independently handled by the head office of each specialized company of the Ministry of Foreign Trade, and local and production enterprises lack the authority to act on their own and have no initiative. 2) We merely use a guiding plan and administrative measures, exclude the market mechanism and neglect the role of the law of value. Our plans are too unified and over-managed. 3) There is state control of revenues and expenditures, all eat from the common pot and we do not stress economic accounting. Enterprises and workers have neither pressure exerted from the outside nor motivation from the inside, and economic results are too low. 4) We do not inquire as to the needs of the international market, we only regard planning and disregard adaptability toward other nations. We use production to fix marketing, and supply and marketing are disjointed. These few problems fully explain why China's foreign trade system needs restructuring. Since the 3d Plenum of the Central Committee after the 11th CPC Congress, China has carried out an experimental restructuring of the foreign trade system, aroused the enthusiasm of localities, departments and enterprises, and promoted the development of foreign trade. The volume of foreign trade doubled from 1978 to 1981, a progressive yearly increase amounting to 26 percent, and the highest level since the founding of the People's Republic. The results were outstanding and the direction was correct. We must earnestly sum up our experiences and lessons from the a few years of restructuring and continue to move forward.

## The Fundamental Theoretical Principle of Restructuring of the Foreign Trade System

A. We must correctly recognize and handle the contradiction between the planned economy and the capitalist world market. This is a fundamental contradiction in our foreign and economic trade work. In fact, it is a manifestation in the field of foreign trade of the contradiction between the planned economy and the market's regulative role.

China's foreign trade is carried out through the domestic and international market. It must both comply with the demands of the planned economy and be restricted by the international market. Thus, we have produced the contradiction between the planned economy and the capitalist world market. The two sides of this contradiction exist outside of the law of value, and coexist within the foreign exchange of commodities; it is a conflicting unification. However, the planned economy must be in a leading position. This, first of all, is because China's foreign trade is an important component of the national economy, and it is also an important substance in the management of our national planned economy. On one hand, it is determined by social production; the rate of its development and its scale, fundamentally speaking, depend on the development situation of the entire national economy and the level of development of productive forces. On the other hand, it must also have a counteraction toward social production, and have an important promoting effect that cannot be ignored toward industrial and agricultural production and toward scientific and cultural undertakings. Also, the development of socialist production and the increase in social consumption are also restricted by the law of the socialist economy developing in proportion in a planned way. Thus, only when they are guided and managed by the national plan can they insure the realization of unified planning of the national economy. Second, the socialist fundamental law of the economy has determined that our country's ultimate goal in foreign trade is to satisfy society's ever-increasing material and cultural demand. In order to satisfy this type of demand, the state must arrange the national economy in a planned way and cause the preservation of a rational development in the proportions between production and circulation, accumulation and consumption, industry and agriculture, internal trade and external trade, and other sectors of the national economy. Foreign trade, after all, must hold a suitably sized proportion among the sectors of our national economy, and it must be determined after going through an overall balance of our national economy. Third, an outstanding characteristic of China's planned economy is that self-reliance is primary and striving for foreign aid is complementary. In developing foreign trade, we must comply with the plan of self-reliance and acting independently and with initiative. We must give full play to China's economic superiorities and utilize foreign superiorities. We should utilize national strengths to overcome regional deficiencies in order to strengthen our self-reliance capability, and to serve modern construction. Obviously, in foreign trade we must stress the principle of upholding the national economy.

However, stressing the upholding of the national economy absolutely does not exclude the international market's regulative role. Foreign trade is surely not the circulation of average goods, but is the circulation of international

goods. Some obvious differences exist between foreign trade and domestic commerce. 1) Trade markets are different, thus the nature of the effect and the level of the market in the exchange of commodities is also different. 2) Sales targets are different, therefore, all types of demands for commodities are different. 3) The currency used in transactions and the circumstances of changing currency values are different. 4) The nature, special characteristics, sphere of action and level of competition are different, and this affects differences in political and economic factors of commodities exchange. 5) The forms of trade are different. 6) The functions are different. These differences all concentrated in one point show that the activity of foreign trade as a medium for the exchange of commodities is mainly carried out in the international market, and to a very large extent is restrained by international market factors. The international law of value and changes in supply and demand have a decisive effect on the profits and losses, and successes and failures of commodity exchange. Thus, in foreign trade, planned adjustment must receive certain restrictions, and can then carry out a plan for the production and purchases of export goods and export categories and export volume, and it cannot plan the demands and purchases of other countries. In this, the scope of planned adjustment is comparatively a little smaller, and the scope of the adjustment of the international market is a little larger.

In China's foreign trade, the contradiction between the planned economy and the capitalist world market in essence is the contradiction between the planning and stability of the production of export goods and the changeability of the international market. Because we are only able to comprehend, suit and utilize the international market and are unable to change it, to solve this contradiction we mainly must tackle the problems of the systematic reform of the foreign trade plan, set up the foreign trade plan on the basis of the law of value, and gradually establish a multilevel (central government, departments, localities and enterprises) foreign trade management system with unified direction, guidance and cooperation and coordination. Under this planning system, excluding a small amount of important products directly related to the national economy and the people's standard of living, a large amount of goods that the international market competes especially fiercely for, and other goods a country needs badly for which the state continues to transmit a guiding plan, the state transmits a guiding plan for the remaining goods, and based on the changing circumstances of the international market, after a balance is more or less reached by the enterprise through consultation, the situation of the enterprise's combined plan is carried out. This enables the foreign trade plan to suit the changes and demands of the international market and thus be even better in bringing into play the guiding effect of the planned economy. Only in this way can we adopt a restructuring, and cause China's foreign trade system to both comply with the demands of the national economy and suit the changing laws and developing trends of the international market.

B. The contradiction between coordination for a unified stance in foreign relations while arousing enthusiasm in every respect. This contradiction, in essence, is a special manifestation of the contradiction in the field of economic trade between all of the interests of the state and the partial and local interests of departments, localities and enterprises. The two sides of



this contradiction are both opposed and united, and they condition and complement each other. However, the main aspect of this contradiction is coordination for a unified stance in foreign relations.

In foreign economic trade, carrying out the principle of coordination for foreign relations is determined by China's political and economic system, and is also a requirement for the development of international trade. China is a socialist nation that stresses a planned economy; in order to insure the independent and socialist direction of foreign trade, it is even more necessary that we unify policy and plan, and coordinate in united action. At present, the speed of foreign trade of each nation of the capitalist world is moving toward centralization. The international monopoly of import and export trade grows stronger daily. The fierceness of competition in the international market is unprecedented, many countries' governments have already adopted and strengthened direct intervention in foreign trade, and have gradually linked the expansion of foreign trade with the goals of international governments. Under this type of situation, only after strengthening our coordination in our relations with foreign nations can we break through the capitalist monopoly, make a breakthrough in the fiercely competitive international market and expand sales. It is clear that carrying out a policy of coordinating foreign relations not only is an important element of a planned economy, but is an objective requirement for the development of China's foreign trade. The history of international trade development and China's practice in foreign trade bear out that in foreign trade, coordination is the source of strength and unity is the basis for development. If we do not coordinate, then we will be self-competitive, subvert our strength, take big losses and be easily duped in the fiercely competitive international market, to the point where there is danger of being squeezed out by competitive adversaries.

Coordination for unified foreign relations is not the same as independent management, rather it is exactly the opposite. It is raised under the premise of acknowledging the power of the departments, localities and enterprises to act on their own. If it were not this way, then coordination would have no goal and unity would not be necessary. Stressing the strengthening of coordination is absolutely not denying or depreciating the objective necessity of restructuring the foreign trade system, nor are we reversing our course or continuing monopoly management. Rather, in order to give full play to the initiative of all sides, we bring them all together, make a fist, and go to compete with the international bourgeoisie, and thereby even better arouse and safeguard the initiative of all sides. However, only stressing coordination while at the same time neglecting and rejecting the arousing of enthusiasm of all sides is a mistake. The reason is that if there is no export enthusiasm by the locality or department, or especially the enterprise, then we will be unable to acquire an ample supply of marketable goods, and we will be unable to competently improve management and administration, raise economic results and suit the special characteristics of a greatly fluctuating and quickly changing international market. Certainly, the enthusiasm that we must arouse is not spontaneous, but it is conscious. Its basic content is, under the principle of coordinating for unity in foreign relations, to supply localities, departments and enterprises possessing conditions to export with a certain power to act on their own in trade, and allow them, within the

operational scope stipulated in the national plan, and in accordance with the state regulations concerning international market prices, customers, different nations and trade policy, and within other relevant trade systems, to go and directly carry on import and export trade. They take both their results from management and their economic benefits, and closely join them together. This enables them to do their bit even better for the development of China's foreign trade.

C. The contradiction between production and marketing. This contradiction in the commodities market appears as the contradiction between supply and demand, and in foreign trade it appears as the relationship between supply and demand in the international market. Thus, the contradiction between supply and marketing in foreign trade must be studied in light of the international market's law of value and the relationship between supply and demand. The demands of the international law of value and the needs of the international market thus form the primary basis for the production of export goods. If there are no demands and needs in the international market, then there can be no production or export of export goods. Clearly, the need for sales is the goal, the prerequisite for carrying out the production of export goods. However, the determining role of production cannot be overlooked. First of all, production plays a direct determining role in regards to the price of the export product. Export goods possess two peculiarities, they are an organic unity of national values and utilization values, and are also an organic unity of international values and utilization values. When export goods enter the international market, its national value must be measured by "the average world labor unit," thus changing to international value, and the socially necessary labor time that it embodies is also changed to internationally necessary labor time. International value is the basis for international prices, the competitiveness of a price in essence is the competitiveness of the volume of socially necessary labor, and is also the competitiveness of the productivity of socially necessary labor. In the international exchange of commodities, it is only the labor of those countries whose social labor productivity is high, and thus their socially necessary labor time consumed in the production of export goods is less than the international necessary labor time, which gains recognition, and its goods score successes in competition and sell at good prices. For the labor of countries with low labor productivity, where the socially necessary labor time consumed in the production of export goods is greater than the international necessary labor time, it cannot be considered as having realized labor's normal quality and the goods lack competitive capability, perhaps to the extent that they are basically unable to enter the international market. This then explains production's extreme importance in regards to the competitive capability of export commodity prices and improving the economic results of export trade. Second, the competitive capability of export goods is not only determined by their prices, it is especially determined by their quality. This is especially so under the present circumstances of the international market being a buyers market, the user's selectiveness toward the quality of goods is very strong, and the requirements are exceedingly high. Goods of faulty quality and not of good use value, even if the price is cheaper, will not have people interested in them. Conversely, even if the price is a little higher, if the item is of high quality and good use value, then people will want to buy it. Thus, it is easy to see that in the

relationship between production and marketing, that production is the basis for marketing, and marketing is the goal and prerequisite for production. However, the superiority or inferiority of the quality of goods is mainly determined by production, and is not something that export sales themselves can solve. If marketable goods are not produced, then export sales will lose their target. Thus, if there is no demand for sales, production cannot be carried out, and even if produced, goods will not be salable. Therefore, we must develop China's foreign trade, and besides the needs and requirements of the international market, we must arrange the production of export goods, competently combine production and marketing, cause products to be marketable, and comprehensively improve their competitive capability.

The analysis of the three aforementioned types of contradictions makes clear that a restructuring of the foreign trade system must first be advantageous in upholding the stressing of a planned economy, and in strengthening coordination in foreign relations. At the same time it must be advantageous in fully arousing enthusiasm in every respect, as best as possible giving play to the international market's regulative role, and in implementing the plan of using marketing to determine production and combining production and marketing. To sum up, it is advantageous in comprehensively improving the economic results of foreign trade. This is the fundamental theoretical principle that China must abide by in restructuring its foreign trade system. It is also an important sign for judging whether or not the restructuring of the foreign trade system is successful. In upholding these principles, we can then, through a systematic reform, cause China's foreign trade system to both comply to the needs of the national economy and suit the special characteristics of the international market. We can both carry out a centralized and unified administration and a decentralized, flexible management. We can both capably carry out the foreign trade plans and policies of the party and the state and appropriately use unobstructed and flexible trade methods in international trade, possessing special characteristics that are unified, planned, stable, flexible and suitable abroad. This way, we need not over-manage, there can be business without confusion, and we can use management to promote briskness and expand sales.

## II. A Tentative Plan for the Restructuring of the Foreign Trade System

A. A systematic model. Based on the aforementioned theoretical principle, China's foreign trade system can be neither a centralized model nor a decentralized model, but it must be a dynamic model that is one with centralized authority having a unified stance in foreign relations and decentralized to expand exports and create foreign exchange. This is quite different from that mixed model which is a conglomeration of centralized and decentralized models. Its outstanding characteristics are: unified leadership, enterprise management, coordinated administration and coordination in foreign relations.

Unified leadership points to the policy decisions, readjustment, supervision and inspection of foreign trade's strategic goals, strategic stresses, programs, policies, plans, statistics, prices of import and export goods, financial system, relationship between foreign and domestic sales, the support measures for the production of export goods, the standard of quality for export goods, trade system, tax and exchange rates, foreign exchange revenue

and expenditures, trade agreements, business affairs abroad, trade organs and personnel in government, etc., all being unified by the state's central management. Thus, we must further consolidate and readjust foreign trade administrative department's on all levels, cause their organizational setup and personnel allocations to suit the needs of implementing the above-mentioned task, and cause them to represent all levels of the state's government. We must earnestly perform the duty of carrying out supervisory management for all types of foreign trade enterprises, and insure the centralized, unified leadership of the state's foreign trade.

Enterprise management is management authority, partial planning, and personal, financial and material authority over import-export trade. It must gradually be transferred down to foreign trade enterprises and production enterprises possessing the conditions to export directly. They must be considered relatively independent foreign trade entities, and must be allowed, under the leadership and supervision of foreign trade administrative departments at every level, determined by the scope of business set by the state, to independently assume responsibility for carrying out foreign trade activity. Thus, they must break through regulations and restrictions, and according to the objective law of the economy, organize enterprises to the best of their abilities to carry out all types of specialized joint management, and implement the principles of independent accounting, self-responsibility for profits and losses, and appropriate state support.

Cooperative administration mainly refers to the authority of foreign trade management, after it has been transferred to lower levels, to carry out the necessary readjustments and arrangements for each enterprise's import and export business activity through leadership and organizational consultations, and cause the enterprise's import and export management activity to correspond to all state benefits. In order to achieve this goal, currently, the functions used in managing imports and exports of each specialized import and export company subordinate to the Ministry of Foreign Economic Relations and Trade can be changed to the function of the cooperative management of foreign trade business, so as to carry out leadership, coordination and supervisory management for all types of enterprises dealing in foreign trade, and provide consultative services.

Coordination in foreign relations mainly refers to localities, departments, enterprises and ports that, in foreign trade activity, must strictly carry out the national plan and foreign trade plans and policies, comply with the coordinated arrangement of the relevant companies with coordinated management for foreign trade business, and, mainly through joint deals, expand sales abroad. Thus, this requires that, based on the rational circulation and traditional connections of export goods, we set up foreign trade centers for joint transactions in a few major coastal ports, unify leadership and organize matters of foreign transaction of all relevant localities, departments and enterprises.

The four abovementioned aspects are mutually connected, but their functions and division of labor are clear-cut. Unified leadership is in command,



enterprise management is the basis, coordinated administration is the means, and coordination in foreign relations is the root; they are mutually irreplaceable.

B. Organizational shape. Based on the above-listed tentative models, the specific organizational shape of the foreign trade system must be a structure with a horizontal and vertical crisscross network.

Concerning planning from the vertical aspect, we must establish a system with three additional functions.

1. A foreign trade administrative and supervisory management system. It is comprised of the Ministry of Foreign Economic Relations and Trade and economic trade offices at all levels of government. It represents the administrative management functions of the state exercising centralized and unified leadership.

2. Foreign trade business coordinated management system. a) It sets up foreign trade business coordinated management companies. It is appropriately established and divided to the principle of specialization and the division of labor of the specialized import and export companies subordinate to the Ministry of Foreign Economic Relations and Trade. At the same time, we take the branch companies of each main office of import and export companies in each province and city and change them to relatively independent foreign trade management entities in direct contact with foreigners, and the head offices of the companies will not again intervene too much in their specific business activities. The head offices of companies' organizations should be small, and personnel must be few and superior, and they can establish branches and accredited representatives in central cities and ports. The head office of the company must carry out the functions of management, policymaking and supervision for all types of foreign trade enterprises and production enterprises that directly export and their coordinating bodies, in business coordination, management of the distribution of labor, balance between production and marketing, price readjustment, financial accounting, overseas inspections and sales, scientific and technical research and supporting production, summing up experience in circulation work, etc., and it must make a good study of the international market and contribute business consultations. b) Abolish existing import and export companies set up under departments of the central government, and their business management functions will be borne by the newly established relevant foreign trade business coordinated management companies. c) After carrying out the aforementioned readjustments toward the existing companies of each of the central government's departments, the 15 types of import products and 28 types of export products presently under unified management by the import and export companies subordinate to the Ministry of Foreign Economic Relations and Trade should be handled by a newly established specialized import-export company that combines import and export.

3. A comprehensive service system for foreign trade business. This is mainly made up of the Bank of China, commercial inspection, foreign trade insurance, revenues, transportation, packing, packaging, harbor docks, and other units after they have gone through the necessary readjustments. a) Establish

a national foreign trade business comprehensive service company, plan and arrange as a whole foreign trade reserves, transportation, packaging and other work, and especially provide all types of services for specialized foreign trade companies, production enterprises exporting directly, and joint transaction centers. b) Foreign trade business comprehensive service company: according to the policy of specialized division of labor, set up storage, transportation, packing, packaging, advertising and other specialized service companies and harbor administrative offices. Also, the existing corresponding branch companies set up in each province and city should be treated as the agents of the special service companies and, after appropriate reorganization and simplification, change their names to "agencies." There are direct business leadership relationships between the head company with its subordinate special service companies and the agencies in each province and city, and can be divided into two accounting classes. There are economic contract relationships between them and their foreign trade enterprises and production units that can export directly, and supervision is carried out by industrial and commercial administrative organs and economic judicial organs.

Concerning planning from the horizontal aspect, there are two administrative levels.

1. Three channels of management: a) Use key cities as a support, and establish foreign trade specialty companies based on each province and city's currently established foreign trade import and export branch companies, and deal directly with foreigners. The relationship between the head office of each foreign trade service coordinated management company of the central government and this type of foreign trade specialty company is a business-coordinated direction relationship. Specific import and export business is independently handled by specialized companies. However, foreign trade specialty companies must receive and comply with the direction and coordination of the main offices of the business-coordinated management companies. Otherwise, the main offices of these companies can submit to the Ministry of Foreign Economic Relations and Trade to carry out state intervention, until they issue any type of ban. b) Production units that export directly and their joint system. They can set up foreign sales organizations, and can entrust foreign trade specialty companies to act as export agents, or it can be jointly run with the foreign trade specialty companies. c) Export companies of the national specialized coordinated process of supply, marketing and production. For example, the China Silk Co, the Boat Co, etc.

The aforementioned three categories of foreign trade enterprises are the economic substance and main channel of circulation of China's foreign trade. Of these, the management of foreign trade is the principal part, and can have a relationship of both supplying goods and acting as an agent with production enterprises that export directly and their coordinating entities. Production units or coordinating entities can allow a foreign trade specialized company to act as their representative, and can also allow the foreign trade specialized companies of other regions or coastal ports to act as their representative. Other enterprises and foreign trade specialized companies without the authority to engage in foreign trade must still preserve their unchanging relationship of supplying goods. However, they must appropriately readjust

the relevant economic policies, and enable units that are supplying goods to acquire certain material benefits.

2. We must use the major coastal ports as a support, and establish a joint foreign trade center for concluding transactions. This is a type of economic organization according to the rational flow of goods and established trans-regionally and cutting across business levels. Its primary task is not to manage goods, but, according to the state's relevant stipulations and changes in the demands of the international market, to unify leadership and organize export transactions. The specific duties are to use the suggestions for coordination that are provided by the head offices of foreign trade business-coordinated management companies, revise export shipping lists, draw up specific pricing plans, arrange the export market, centralize management of customers, inspect the honoring of export agreements and assume responsibility for honoring export agreements. Their income can be calculated according to the size of the rate of honoring agreements for different goods, and they should receive a service charge that is 0.1 to 0.5 percent of the amount of the agreements honored. If the rate of contracts honored on time does not amount to 60 percent, then they will not receive a service charge. The standard for service charges must be based on the situations of different goods and all of their differences. If a contract is unable to be honored after a transaction has been struck, then they find out who is to blame economically.

In short, in the aforementioned "three vertical and two horizontal" organizational system, the horizontal aspect is the base and the vertical aspect is the main force. In the horizontal and vertical crisscross, each side goes its own way and does not interfere with the other, and a slight move by one side may affect the situation as a whole. They will be mutually restricting, and create no organic whole. This then forms a sharp contrast with those two types of lines of the past (the Ministry of Foreign Economic Relations and Trade's series of administrative systems, and the companies' series of business administrative systems), the two divisions (disjointed industry and trade), and the lack of distinction between government and business within the foreign trade administrative system.

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## TRANSPORTATION

### MORE PORTS OF ENTRY, EXIT IN GUANGDONG

OW120823 Beijing XINHUA in English 0738 GMT 12 Jan 84

[Text] Guangdong, 12 Jan (XINHUA)--The ports of entry and exit in Guangdong Province handled a record number of 17.7 million passengers in 1983, 20 percent more than in 1982.

According to provincial port officials, Guangdong has 15 ports of entry. They include Baiyun Airport in Guangzhou, three land routes, two in Shenzhen and the other in Zhuhai, one river port and 10 seaports. Of the 10 seaports eight are open to passenger traffic and the other two handle only cargo.

China's policy of opening up to the outside world has increased the flow of passengers and goods into or out of the ports of entry and exit in coastal Guangdong. The growth of the special economic zones in the province and the Sino-foreign joint oil exploration and development undertakings in the South China Sea have also enlarged the traffic flow. This has brought a corresponding need for more customs and ports of entry.

In 1979, the central authorities approved a plan to set up 10 new ports of entry. By the end of last year, four of them had been put into use. Of the other six now under construction, four will be completed in the first half of 1984.

Passenger shipping service is now available between Hong Kong and the ports of Guangzhou, Shantou, Haikou and Zhanjiang. The province has 12 passenger air, rail and shipping routes to Hong Kong, as against only one before 1979.

Over 10,000 foreign ships docked in Guangdong ports last year, 46 percent more than in 1982.

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## TRANSPORTATION

### COUNTRY TO STREAMLINE MARITIME BOUYAGE SYSTEM

OW121150 Beijing XINHUA in English 0712 GMT 12 Jan 84

[Text] Beijing, 12 Jan (XINHUA)--China will streamline its existing maritime bouyage system with a view to raising navigation efficiency, the Ministry of Communications has announced.

For this purpose, an experiment on changing to international bouyage system will be conducted at the port of Xiamen, Fujian Province, in February this year. Along with China's modernization program and growth of sea transportation the number of ships calling at Chinese ports has increased. To ensure navigation safety and facilitate shipping in Chinese waters, authorities have decided to streamline the existing navigation marking system and switch to the regulations of the maritime bouyage system (region A) put out by the International Association of Lighthouse Authorities (IALA).

The Chinese decision was formally conveyed to the IALA in 1981, officials said.

Preparations for the experiment at Xiamen are now in progress. The alterations of buoys in the harbor and date for the change will be announced in advance in the notice to mariners.

Meanwhile, the provisions for navigation marks in Chinese sea waters are being formulated to facilitate the overall reform modelled on the international maritime bouyage system as a whole. Certain provisions will be adapted to the country's concrete situation.

CSO: 4020/058

## TRANSPORTATION

### BRIEFS

NEW BRIDGES TO GUANGDONG, MACAO--Guangzhou, 16 Jan (XINHUA)--A project involving the construction of four highway bridges to improve transportation between Guangzhou and Macao is now under way, provincial officials said. One of the bridges, named "Sanhongqi", was opened to traffic yesterday on the highway from Guangzhou, the provincial capital, to Zhuhai, a special economic zone, bordering on Macao. It is 698 meters long and 14.5 meters wide. Guangdong now has three special economic zones where flexible policies are pursued. The other three bridges are being built on the same highway to replace motor vehicle ferries. Their completion will help accelerate construction of the Zhuhai zone and promote trade and tourism between Guangdong and Macao, officials said. A Macao company furnished low-interest loans of 150 million Hong Kong dollars for the construction of the four bridges, which began in 1982. [Text] [OW161034 Beijing XINHUA in English 0838 GMT 16 Jan 84]

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## GENERAL

### LIVING CONDITIONS IMPROVE IN LHASA

OW150810 Beijing XINHUA in English 0630 GMT 15 Jan 84

[Text] Lhasa, 15 Jan (XINHUA)--More than 20,000 residents in Lhasa, capital of the Tibet Autonomous Region, had by the end of 1983 moved into three-story apartment buildings, according to local housing authorities.

The new buildings accommodating one fifth of the city's population are typical of Tibetan structures, with large windows and floral designs painted on the lintels and window frames. This presented a sharp contrast to the small, dark and damp huts they lived in before liberation.

The people's government has earmarked at least 30 million yuan each year since 1979 for improving the living conditions in this 1,300-year-old city, said Zheng Guangju, vice mayor of the city.

Since then, 42 residential buildings have been put up and worker's living quarters with at least 100 buildings have been completed. In addition, more than 40 other buildings have been erected by hospitals, schools, post offices, research institutions and publishing houses. Public utility projects completed included 48 kilometers of paved roads, the installation of a 6,000 kilowatt power generating unit, a waterworks with a daily supply capacity of 10,000 tons and 18.5 kilometers of water supply pipelines and five kilometers of water discharge pipelines. The city has also planted 415 hectares of trees to bring 12 percent of its open space under green cover. Every household in the city with a population of more than 100,000 is now using electricity for lighting.

The vice mayor said that the central government has approved the master plan for the municipal construction of Lhasa and more efforts will be made this year to modernize this city while retaining its traditional Tibetan style.

CSO: 4020/058

## GENERAL

### BRIEFS

FIGURES ON CITIES RELEASED--Beijing, 19 Jan (XINHUA)--China now has 289 cities, more than double the number in the early 1950's, the State Statistical Bureau announced today. Forth-four new cities were designated nationwide in 1983, all with populations of less than 200,000, a bureau spokesman said. Of the country's 289 cities, 170 are inhabited by less than 200,000 people, while 71 have populations of from 200,000 to half a million. There are 48 cities with more than half a million people, the spokesman said. There are also 20 cities inhabited by more than one million people, he added. These are Shanghai, Beijing, Tianjin, Shenyang, Wuhan, Guangzhou, Harbin, Chongqing, Nanjing, Xian, Chengdu, Changchun, Taiyuan, Dalian, Qingdao, Lanzhou, Jinan, Fushun, Anshan and Kunming. In 1982, 232 cities accounted for about 75 percent of China's industrial output value, the spokesman said. China also had 1,122 townships and 2,074 country towns at the end of the end of 1982, he added. [Text] [OW191743 Beijing XINHUA in English 1435 GMT 19 Jan 84]

CSO: 4020/058



EXPERT DISCUSSES HONG KONG'S NEW FOREIGN EXCHANGE SYSTEM

Hong Kong WEN WEI PO in Chinese 16 Oct 83 p 4

[Article by staff reporter Ch'en Chien [7115 1017]: "Interest and Currency Under the New System"]

[Text] From the standpoint of basic operations, the new system promulgated by the Hong Kong government is reckoned to be a system of fixed exchange rates. Although only the fixed exchange rate of \$1 to HK\$7.8 is used when banks of issue exchange foreign funds and \$HK debt certificates are redeemed, and the exchange has no direct connection with the market, in order to make this system work the foreign exchange funds must undergo a "regular" intervention to maintain the Hong Kong dollar's stability at the above-mentioned fixed exchange rate, only small fluctuations can be permitted. Intervention in foreign exchange funds was also possible formerly, but there exist fundamental differences in the new system. Former interventions were done at will and outside the system; intervention in the future will be inevitable within the system.

Professor Ch'en K'un-yao, director of the Asian Research Center of Hong Kong University, was the first to delimit and fix the nature of the new system. He pointed out that, beside the above-mentioned basic changes, the fixed exchange rate for foreign exchanged funds and the banks of issue will have a guiding effect on the free market. Especially important is that the market will be conscious that any excessive rise or fall in foreign exchange funds will certainly be checked. For this reason, in theory the Hong Kong dollar's exchange rate on the free market will fluctuate within the limits of the fixed rate. Under the new system, the fixed exchange rate for foreign exchange funds will be adjusted based on market conditions or policy requirements.

Professor Ch'en K'un-yao said that because it is equipped with an internal intervention function, the new system provides psychological support for the Hong Kong dollar and powerfully discourages speculation, and within a short period of time it should be able to have a stabilizing effect on the Hong Kong dollar. All problems have not been solved, he said. Especially from the intermediate or long-term view, Ch'en K'un-yao pointed out, if there were a transfer of assets from here to abroad, the assets in Hong Kong dollars would

constantly change into foreign currency assets, and in the end there would be the possibility that this would compel a downward readjustment of the fixed exchange rate of foreign exchange funds, and this situation would produce a psychology of anticipation on the market, thereby in turn producing harmful circulation pressure on the Hong Kong dollar.

The pattern of Hong Kong's economy will experience major changes, mainly embodied in the change in its regulating function. In the past the banking activity's causal effect on economic development was naturally regulated by changes in the exchange rate, but henceforth it will be regulated by the supply of currency. Under two conditions the fixed exchange rate will be put under pressure. The first is the political confidence is weakened, leading to a transfer abroad of assets here; and the second is that economic development is unfavorable, leading to the foreign exchange being unable to make ends meet. To control this situation, for foreign exchange funds we must throw out foreign currency and buy Hong Kong dollars. Furthermore, keeping their eyes on commerce, the banks of issue, in redeeming the foreign currency in the foreign exchange funds, on the one hand, deals with the need for foreign currency and, on the other hand, cancels the profit differential between the market exchange rate and the fixed exchange rate. The direct effect of this operation will be a shrinkage in the supply of the Hong Kong dollar and a tendency for the interest rate to rise. This, of course, will happen when the above-mentioned conditions occur. If the situation is such that overseas assets pour into Hong Kong and there is a surplus balance of foreign exchange, then the above-mentioned regulation will be done in the opposite direction and will produce the opposite result.

Based on the above-mentioned change in the regulating function, Ch'en K'un-yao said, the exchange rate's readjustment by the economy here will disappear, and the avoidance of exchange rate fluctuations by taking in and paying out currency will take its place. In other words, the downward pressure on the Hong Kong dollar will offset the shrinkage of currency, and the latter will cause an overall shrinkage of the economy--an increase in export difficulties and unemployment will be the price paid in the economy. As for the comparative effectiveness and suitability of this set of regulating functions, Ch'en K'un-yao said, this is very difficult to evaluate, but from the standpoint of economic development it is a retrogression, and from now on Hong Kong faces the contradiction and choice between more frequent and more serious inflation or unemployment. At the same time, the role of the Hong Kong government is banking activity and consequent economic development will become more arduous, and if it were to rely on the current framework and human talents, the government would find them to be inadequate to handle this role.

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